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In The

Supreme Court of the United States

October Term, 1994

SOCIETY OF FINANCIAL EXAMINERS,

Petitioner,

v.

NATIONAL ASSOCIATION OF CERTIFIED FRAUD EXAMINERS, *et al.*,

Respondents.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Fifth Circuit

PETITION FOR A WRIT OF CERTIORARI

J. STEPHEN RAVEL
Counsel of Record

DIANA L. NICHOLS
BICKERSTAFF, HEATH & SMILEY, L.L.P.
98 San Jacinto Blvd.
Suite 1800
Austin, Texas 78701-4039
(512) 472-8021
Counsel for Petitioner

Of Counsel:

VIVIAN L. POLAK
THOMAS FENERTY
DEIRDRE F. CURTIS
LEBOEUF, LAMB, GREENE & MACRAE, L.L.P.
125 West 55th Street
New York, New York 10019-5389

April 3, 1995

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QUESTIONS PRESENTED

Section 32 of the Lanham Act creates a cause of action for trademark infringement, defined as unauthorized use of a copy or colorable imitation of a registered mark "likely to cause confusion." The district court entered summary judgment in favor of petitioner on its claim of infringement, finding that respondents' use of a mark identical to petitioner's registered mark created just such a likelihood of confusion. The court of appeals reversed the district court and remanded the action, concluding that the two questions of trademark law resolved by the district court constituted "fact-intensive inquiries" which "cannot be conducted properly without a trial." The courts of appeals are in conflict as to each of the two questions presented:

1. Is the likelihood of confusion between identical marks a factual issue that cannot be decided on a motion for summary judgment?

2. Is the genericness of a registered mark, which consists solely of initials, a factual issue that cannot be decided on a motion for summary judgment where the district court found, and the circuit court did not controvert, that respondents had proffered no evidence supporting their claim of genericness?

PARTIES TO THIS PROCEEDING

The Petitioner is the Society of Financial Examiners, a non-profit professional organization of individuals, which was the appellee and plaintiff below.

The Respondents are the National Association of Certified Fraud Examiners; the National Association of Certified Fraud Examiners, Inc.; Joseph T. Wells, the President of the National Association of Certified Fraud Examiners, Inc. and the Chairman of the National Association of Certified Fraud Examiners; Anthony Luizzo, Joel Nitzberg, John U. Francolla, and Mary Vavruska, individual members of the National Association of Certified Fraud Examiners, each of whom were appellants and defendants below.

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PETITION FOR A WRIT OF CERTIORARI

Petitioner, the Society of Financial Examiners, respectfully petitions for a writ of certiorari to review the judgment and opinion of the United States Court of Appeals for the Fifth Circuit in this action.

OPINIONS BELOW

The opinion of the court of appeals (App. 1a-14a)[1] is reported at 41 F.3d 223 (5th Cir. 1995). The opinion and order of the district court (App. 15a-17a) and the report

[1] References in this form are to the Appendix to this Petition.

and recommendation of the magistrate judge (App. 18a-28a) are unreported.

JURISDICTION

The court of appeals entered its judgment on January 3, 1995 (App. 1a). Petitioner invokes the jurisdiction of this Court under 28 U.S.C. § 1254(1).

STATUTES INVOLVED

This petition involves Sections 32(1)(a) and 43(a)(1)(A) of the Lanham Act, 15 U.S.C. §§ 1114(1)(a) and 1125(a)(1)(A), respectively, and Federal Rule of Civil Procedure 56(c). The full text of these provisions are reproduced in the Appendix at 29a-31a.

STATEMENT

This petition raises the question of whether summary judgment can ever be a proper vehicle for resolving issues of trademark infringement. The district court concluded, after extensive discovery, briefing and argument, that summary judgment on the issue of infringement of the registered "CFE" mark of petitioner, the Society of Financial Examiners ("SOFE"), by respondents' (collectively referred to as "NACFE's") use of an identical "CFE" mark was warranted, and entered judgment in SOFE's favor on its infringement claim as to liability only. The Court of Appeals for the Fifth Circuit reversed and remanded for a trial on the issues of likelihood of confusion of the marks and whether SOFE's registered "CFE" mark was "generic," relying on one of its prior decisions which "repudiated exercise of summary judgment to

determine whether a likelihood of confusion existed" between very similar marks. (App. 5a).

Although this Court has not addressed the specific question of availability of summary judgment to resolve issues of likelihood of confusion or genericness, its recent teachings on the overriding importance of the availability of summary judgment confirm that summary judgment is integral to the goal of the Federal Rules to facilitate the just, speedy and inexpensive determination of actions. Further, the decision of the Court of Appeals for the Fifth Circuit, and the precedent it relied on as requiring the result below, are in conflict with virtually all other courts of appeals.

A. The Parties To And Facts Of This Action.

SOFE is a non-profit professional organization of financial examiners and public sector regulators who supervise, review and analyze the soundness of insurance companies and financial institutions. (App. 3a; R.1005; 1012).[2] SOFE provides its members with educational and association services throughout the United States, including organizing and conducting seminars, conferences and self-study courses; preparing and administering exams and continuing education programs; and publishing and distributing educational materials and videotapes. (App. 3a-4a; R.1005-1006; 1011-1012).

For over twenty years, SOFE has used its "CFE" mark in connection with its educational and association services. (App. 3a; R.1006; 1011-1012). The test administered by SOFE to its members is known as the "CFE

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[2] References in this form are to the Lead Case Record submitted to the court of appeals.

Exam." The educational materials and programs SOFE offers are known as the "CFE Program." SOFE refers to members who have completed its CFE Exam and who meet its ethical and continuing education standards as "CFE Members," and authorizes those members to use "CFE" to indicate their compliance with SOFE's standards and their membership in SOFE. (App. 3a; R.1006; 1011-1012).

SOFE owns a valid federal service mark registration for its "CFE" mark on the Principal Register of the U.S. Patent and Trademark Office. (App. 3a; R.1009).

NACFE is an unincorporated professional association of persons who work to detect and deter fraud in a variety of businesses, including insurance companies and financial institutions. NACFE provides educational and association services virtually identical to those provided by SOFE, including seminars, conferences and self-study courses, exams and continuing education courses, and workbooks and videotapes. (App. 4a; R.1148-1203). Like SOFE, NACFE markets its services to public sector regulators throughout the United States, often to the very same individuals to whom SOFE provides or offers its educational and association services. (App. 24a; R.456-457; 941-945; 958-959; 964-968; 991-992; 1004-1007; 1025-1045; 1051-1060; 1074-1092; 1129-1146; 1259-1260).

In 1988, fourteen years after SOFE began using its "CFE" mark, NACFE first used the "CFE" mark in connection with its educational and association services. (App. 24a; R.1148-1203). Since that time, NACFE has used the "CFE" mark in a variety of ways, referring to its tests as the "Uniform CFE Examination" or the "CFE Exam" (R.1345-1347), and offering "Uniform CFE Examination Preparation Courses" and "Uniform CFE Examination

Self-Study Courses." (R.1064). NACFE also sponsors a "CFE Scholarship Program," refers to its ethical standards as the "CFE Code of Ethics," holds a conference each year which it calls the "Annual CFE Conference," publishes a newsletter which it calls the "CFE News," and permits its members to use "CFE" to indicate their affiliation with NACFE and their compliance with its standards. (R.1057; 1069).

B. Proceedings Below.

On September 9, 1992, SOFE brought this action seeking damages and an injunction against NACFE's use of SOFE's federally registered mark, or any similar mark likely to cause confusion with SOFE's mark. SOFE's claims were based, in part, on Sections 32 and 43 of the Lanham Act, 15 U.S.C. §§ 1114 and 1125. (Mem. R.43-64)[3].

On August 26, 1993, after extensive discovery, SOFE filed a motion for summary judgment on the issue of NACFE's liability for infringement of SOFE's "CFE" mark, and requested a permanent injunction against future infringement. (R.438-442).[4]

On December 8, 1993, Magistrate Judge Albright issued his Interim Report and Recommendation. (App. 18a). He found "that no genuine issues of disputed fact exist that would prevent the Court from deciding the

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[3] References in this form are to the Member Case Record submitted to the court of appeals.

[4] The summary judgment record was compiled after the taking of fifteen depositions and included over 900 pages of briefs, affidavits, deposition excerpts, exhibits and supporting documents.

merits of the case based on the summary judgment evidence in the record." (App. 21a).

The magistrate judge found that SOFE had submitted uncontroverted evidence establishing its ownership of a valid registration for "CFE" on the Principal Register of the United States Patent and Trademark Office, and that such registration "constitutes *prima facie* evidence of the validity of the 'CFE' mark, . . . of [SOFE's] ownership of the 'CFE' mark, and of [SOFE's] exclusive right to use the 'CFE' mark." (App. 21a). In addition, he found that the record contained undisputed evidence that "CFE" is a valid trademark. (App. 22a; 25a-26a).

Based on those findings and the evidence in the record, the magistrate judge held that SOFE's "CFE" mark is not generic, but rather is a suggestive mark that is distinctive and, therefore, protectable in the relevant market. (App. 25a-26a).

Turning to the issue of likelihood of confusion, the magistrate judge found no genuine dispute regarding any fact material to any of the factors considered in evaluating likelihood of confusion. After considering the undisputed material facts regarding each of those factors, he found that:

> [SOFE] has a federal trademark registration for the "CFE" mark. [SOFE's] use of the "CFE" mark pre-dated [NACFE's] use of the exactly identical "CFE" mark by fourteen years. [SOFE] has established through its summary judgment evidence that the parties offer relatively the same services to relatively the same consumer market. [SOFE] established that there are people who are members of both SOFE's and NACFE's organizations. [SOFE] has also established that both parties use similar advertising media, and, more importantly, this advertising is aimed at

> the same audience . . . . [SOFE] has provided summary judgment evidence of actual confusion.

(App. 24a).

The magistrate judge concluded that NACFE's use of SOFE's registered "CFE" mark caused a likelihood of confusion and recommended that the district court grant SOFE's motion for summary judgment and grant SOFE's request for an injunction. (App. 24a; 27a). By Order dated January 24, 1994, the district court, Nowlin, J., adopted the magistrate judge's Report and Recommendation in its entirety. (App. 15a-17a).

On appeal, the Court of Appeals for the Fifth Circuit reversed and remanded the case for a trial of all issues relating to SOFE's infringement claim, sharply reproaching the district court because it had resolved factual issues on a motion for summary judgment:

> Although both critical determinations were factual, the district court believed summary judgment appropriate. Whereas general principles of summary judgment assail this conclusion, the explicit guidance of *Marathon Manufacturing* [767 F.2d 214 (5th Cir. 1985)] – in the context of a nearly identical factual predicate – decimates it. In *Marathon Manufacturing*, this court repudiated exercise of summary judgment to determine whether likelihood of confusion existed between "MARATHON" and "MARATHON 10" marks. *Id.* at 217. ("Although the parties filed cross motions for summary judgment, this procedure was improper.")

(App. 5a).

The court of appeals proffered two grounds for reversal. First, without challenging or addressing the district court's finding, based on uncontroverted evidence, that SOFE holds a valid federal registration for its "CFE"

mark, which registration is *prima facie* proof of the validity of, and of SOFE's ownership of and exclusive rights to, its "CFE" mark, or that the record contained uncontroverted evidence that consumers and the general public perceive the "CFE" and "Certified Financial Examiner" marks primarily as designations of source, *i.e.*, of SOFE, it concluded that SOFE's registered "CFE" mark "could be" generic. (App. 9a). The court of appeals supported this conclusion by reasoning that, since it had previously decided that it was "difficult" to "divine" whether a term such as "pig sandwich" was generic or was a mark protected by the Lanham Act, the district court's finding that " 'CFE' primarily signifies origin could be only divinely inspired." (App. 8a-9a). Further, the court of appeals reached this conclusion without addressing, or even discussing, the evidence received and relied on by the district court to conclude that SOFE's "CFE" mark was "suggestive," and thus subject to protection.

Second, the court of appeals concluded that the issue of likelihood of confusion caused by SOFE's use of its "CFE" mark and NACFE's concurrent use of the same mark was a fact issue which could only be resolved by the trier-of-fact after a full trial. The court of appeals' premise was the same as for its analysis of genericness (*i.e.*, that in accordance with the prior Fifth Circuit decision, since likelihood of confusion is a factual inquiry, summary judgment was simply "improper" (App. 5a)). Inexplicably, it nevertheless went on to discuss three of the seven factual conclusions of the district court on the issue of likelihood of conclusion. (App. 11a-13a). It is clear from that limited discussion, however, that the court of appeals' preordained conclusion was that since NACFE was not in agreement with SOFE on the ultimate

issue of likelihood of confusion and had asserted that material facts were in dispute, the district court erred in granting summary judgment. The court of appeals summarized its position as follows:

> Intuitively, the use of "CFE" by two organizations in the market for professionals who scrutinize financial representations breeds confusion. The record is too incomplete, however, to constrain a reasonable trier-of-fact from concluding confusion is likely to occur in potential customers.

(App. 11a).

The court of appeals thus effectively ignored the conclusions of the district court since it had already decided that questions of genericness and likelihood of confusion are questions of fact and, accordingly, are impossible to resolve on a motion for summary judgment. This decision by the court of appeals simply removes infringement claims under the Lanham Act from the ambit of Rule 56 of the Federal Rules of Civil Procedure. This petition asks whether this implicit narrowing of the scope of summary judgment should remain undisturbed, and offers this Court the opportunity to confirm the vitality of summary judgment and to conform the law of the Fifth Circuit to that of the majority of the other circuits.

REASONS FOR GRANTING THE WRIT

This Court has consistently and repeatedly reaffirmed the importance of the availability of summary judgment as a procedural tool necessary " 'to secure the just, speedy and inexpensive determination of every action.' " *Celotex Corp. v. Catrett*, 477 U.S. 317, 327 (1986) (quoting Fed. R. Civ. P. 1); *Anderson v. Liberty Lobby, Inc.*,

477 U.S. 242 (1986); *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574 (1986). The decision of the court of appeals in this action prohibits use of this favored device in actions involving claims of trademark infringement, without any cogent articulation of why this one type of claim should be so disfavored, other than the statement that questions of infringement, likelihood of confusion and genericness constitute questions of fact.[5]

Further, the decision below is in direct conflict with the majority of other circuit courts, which routinely affirm disposition of infringement claims on motions for summary judgment.

Thus, this petition presents the Court the opportunity to halt the conflicting rulings of the various courts of appeals and to repudiate the assumption permeating the court of appeals' decision below. That rationale ignores all the recent teachings of this Court on summary judgment.

Grant of the writ sought here will have an effect on all cases, and not solely on cases involving trademark law. If the necessity of factual determinations precludes summary judgment, this petition offers the Court the opportunity to articulate a rule applicable to every action as to which a motion under Rule 56 may be made – to wit, every action pending before the district courts. If, on the other hand, the decision of the Fifth Circuit Court of Appeals is allowed to stand, the area of trademark law will become hopelessly balkanized. Trademark plaintiffs

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[5] In the court of appeals' own words, "[a]lthough both critical determinations were factual, the district court believed summary judgment appropriate." (App. 5a).

will forum shop for circuits that allow summary judgment its properly broad scope, and infringers will bring preemptive declaratory judgment actions in circuits that refuse to follow this Court's decisions on proper application of Rule 56.[6]

The decision of the Fifth Circuit Court of Appeals presents the possibility that parties to actions concerning other substantive areas of law will be denied the availability of summary judgment by courts of appeals finding that determinations of issues of fact are necessary to resolve those claims.

I. The Decision Below Creates A Conflict Among The Circuits As To Whether Likelihood Of Confusion Can Be Resolved On Summary Judgment.

To prevail on a trademark infringement claim, the plaintiff must prove that the defendant's use of the mark in question is likely to cause confusion among consumers. *Two Pesos, Inc. v. Taco Cabana, Inc.*, ___ *U.S.* ___, 112 S. Ct. 2753, 2758 (1992).[7]

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[6] Because of the nature of the contemporary economy and advertising, and the resulting decline in regional or local production and sales, trademark infringement actions may be brought in numerous different jurisdictions. *See* 28 U.S.C. § 1391.

[7] The determination as to the presence or absence of likelihood of confusion is made by considering several foundational factors. Although these foundational factors vary somewhat from circuit to circuit, they generally include the following: 1) strength of the plaintiff's mark; 2) degree of similarity between the parties' marks; 3) similarity of the parties' goods or services; 4) nature of the customers and channels of distribution of the parties; 5) similarities in the parties' marketing methods; 6) defendant's knowledge and intent in adopting the mark; and 7)

The courts of appeals have differing views as to the availability and propriety of summary judgment to determine the issue of likelihood of confusion. In the majority of circuits, summary disposition of the issue of likelihood of confusion is determined in accordance with the standards set forth by this Court in *Anderson v. Liberty Lobby Inc.*, 477 U.S. 242 (1986). Three other circuits allow summary judgment on the issue of likelihood of confusion, but appear to do so only on the basis of a standard stricter than that set forth in *Anderson, supra*. The Court of Appeals for the Fifth Circuit is alone in reasoning that since the ultimate question of whether or not likelihood of confusion exists is an issue of fact, summary judgment on that issue is an "improper" procedure even in the absence of any material evidentiary disputes regarding the underlying facts. (App. 5a).

A. Numerous Of The Other Courts Of Appeals Have Squarely Held That Likelihood Of Confusion Can Be Resolved By Summary Judgment.

The First, Second, Sixth, Eighth, Ninth, Tenth and Federal Circuits favor summary disposition of the issue of likelihood of confusion and apply this Court's *Anderson v. Liberty Lobby* test to determine whether summary judgment is available in trademark infringement cases. Accordingly, those courts properly focus the inquiry on whether there are genuine issues relating to the material facts which are considered in evaluating the factors for

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actual confusion. CALLMANN, UNFAIR COMPETITION, TRADEMARKS AND MONOPOLIES, § 20.62 (4th ed. 1988) (and cases cited therein); RESTATEMENT OF TORTS §§ 729, 731 (1939).

determining likelihood of confusion. *See Lang v. Retirement Living Publishing Co.*, 949 F.2d 576, 580 (2d Cir. 1991) (specifically rejecting the argument that the general summary judgment standards set in *Anderson v. Liberty Lobby* "require greater justification . . . in a trademark case, since the existence of a likelihood of confusion may involve a series of inferences."); *Woodsmith Publishing Co. v. Meredith Corp.*, 904 F.2d 1244, 1247 (8th Cir. 1990) (in trademark cases, "the dispute between the parties usually 'centers on the interpretation to be given to the facts – not the facts themselves or the inferences that can be drawn from the facts.' Summary judgment disposition is proper in such an instance.") (quoting Duane Burton, *Summary Judgments in Trademark Cases*, 75 TRADEMARK REP. 497, 498-99 (1985)); *Octocom Sys., Inc. v. Houston Computer Servs., Inc.*, 918 F.2d 937, 941 (Fed. Cir. 1990) (summary judgment is appropriate where the ostensible factual disputes relied on by the nonmovant "amount to no more than . . . disagreement with the [court]'s ultimate conclusion on the likelihood-of-confusion issue . . . ").[8]

The Third, Fourth and Seventh Circuits take an intermediate approach. Those courts have decided the issue of likelihood of confusion on summary judgment, but state that they do so only in exceptional circumstances or with great caution. *Country Floors, Inc. v. Gepner*, 930 F.2d 1056,

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[8] *Gold Seal, Inc. v. Scent Shop, Inc.*, No. 94-2534, 1995 U.S. App. LEXIS 4242 (8th Cir. March 6, 1995); *Universal Money Ctrs., Inc. v. American Tel. & Tel. Co.*, 22 F.3d 1527 (10th Cir.), *cert. denied*, ___ U.S. ___, 115 S. Ct. 655 (1994); *Century 21 Real Estate Corp. v. Sandlin*, 846 F.2d 1175 (9th Cir. 1988); *Volkswagenwerk Aktiengesellschaft v. Wheeler*, 814 F.2d 812 (1st Cir. 1987); *Mihalek Corp. v. Michigan*, 814 F.2d 290 (6th Cir.), *cert. denied*, 484 U.S. 986 (1987).

1062-63 (3d Cir. 1991) (summary judgments are the exception in trademark actions); *Perini Corp. v. Perini Constr., Inc.*, 915 F.2d 121 (4th Cir. 1990) (summary judgment in favor of a trademark plaintiff is appropriate when liability has been "unassailably established"); *but cf., Lone Star Steakhouse & Saloon, Inc. v. Alpha of Va., Inc.*, 43 F.3d 922 (4th Cir. 1995); *AHP Subsidiary Holding Co. v. Stuart Hale Co.*, 1 F.3d 611, 616 (7th Cir. 1993) (" 'We have stated . . . that the trial court's ultimate conclusion on the likelihood of confusion is a finding of fact' . . . Accordingly, a motion for summary judgment in trademark infringement cases must be approached with great caution") (citation omitted).

In complete isolation, and in conflict with those other courts of appeals, and contrary to this Court's analysis on the availability of summary judgment, the Court of Appeals for the Fifth Circuit deems that since the ultimate issue of likelihood of confusion is itself a question of fact, summary judgment on that issue is improper in all cases and on any facts. Two cases form the basis for this aberrant position. In *Marathon Manufacturing Co. v. Enerlite Products Corp.*, 767 F.2d 214 (5th Cir. 1985), both parties filed motions for summary judgment, asserting that no material facts were in dispute, except the ultimate fact of whether the admitted circumstances were likely to cause confusion. The district court found that a likelihood of confusion existed and granted summary judgment for the plaintiff. The court of appeals noted that, although some circuits treated the issue of likelihood of confusion as a question of law, it had "held that likelihood of confusion is a question of fact which can only be set aside

if clearly erroneous."[9] *Id.* at 217. Since the parties in *Marathon Manufacturing* disagreed on the ultimate question of whether or not likelihood of confusion existed, the Court of Appeals for the Fifth Circuit held that there was a genuine issue as to a material fact and that summary judgment was simply "improper." *Id.* at 217.

The court of appeals in this action relied on *Marathon Manufacturing* in finding that, since the issue of likelihood of confusion was a question of fact, general principles of summary judgment "assail" the district court's grant of summary judgment on that issue, and that "the explicit guidance of *Marathon Manufacturing* . . . decimates it." (App. 19a).

The court of appeals' reasoning in *Marathon Manufacturing* and in the decision below renders summary judgment on the issue of likelihood of confusion always improper. In cases brought in the Fifth Circuit, even if both parties are in total agreement as to the underlying

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[9] There is also a split among the circuits on the question of whether likelihood of confusion is an issue of fact, a mixed issue of fact and law, or an issue of law for purposes of determining the applicable standard of appellate review. Not surprisingly, the circuits that view the issue of likelihood of confusion as a question of law for those purposes also take the position that summary judgment is proper on that issue. *E.g., Opryland USA, Inc. v. Great Am. Music Show, Inc.*, 970 F.2d 847, 850 (Fed. Cir. 1992); *Wynn Oil Co. v. American Way Serv. Corp.*, 943 F.2d 595, 599 (6th Cir. 1991); *Centaur Communications, Ltd. v. A/S/M Communications, Inc.*, 830 F.2d 1217, 125 (2d Cir. 1987). However, even those circuits that treat likelihood of confusion as an issue of fact or a mixed issue of fact and law favor summary judgment on that issue where there are no disputed underlying facts. *Universal Money Ctrs., Inc. v. American Tel. & Tel. Co.*, 22 F.3d 1527 (10th Cir.), *cert. denied*, ___ U.S. ___, 115 S. Ct. 655 (1994); *Century 21 Real Estate Corp. v. Sandlin*, 846 F.2d 1175 (9th Cir. 1988).

facts, summary judgment will nonetheless be considered improper as to the issue of likelihood of confusion, since the ultimate "factual" issue of likelihood of confusion (*i.e.*, liability) is itself in dispute.

Moreover, since likelihood of confusion is a necessary element of proof in causes of action for trademark infringement, *see Two Pesos, Inc. v. Taco Cabana, Inc.*, ___ U.S. ___, 112 S. Ct. 2753 (1992), summary disposition is unavailable in all such matters. Thus, even in the absence of any evidentiary disputes regarding the underlying facts, the parties in all trademark infringement cases will be forced to expend the time, money and judicial resources necessary for a full trial. *See* Brett T. Reynolds, Comment, *Appellate Review of Lanham Act Violations: Is Likelihood of Confusion a Question of Law or Fact?*, 38 Sw. L.J. 743, 770-71 (1984) (concluding that treating likelihood of confusion as a question of fact virtually precludes the use of summary judgment in trademark infringement cases).

B. Substantial And Uncontroverted Evidence Of Likelihood Of Confusion Was Improperly Ignored By The Court Of Appeals.

To defeat a motion for summary judgment, the nonmovant must present sufficient evidence in support of its position that a reasonable jury, upon taking the record as a whole, could return a verdict for the nonmovant. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. at 251-52; *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. at 586; *Celotex Corp. v. Catrett*, 477 U.S. at 322-24.

As discussed above (*supra*, fn 7), all circuits agree that likelihood of confusion is determined by evaluating certain foundational factors. As acknowledged by the

court of appeals in this case (App. 12a), these foundational factors are not elements of a cause of action, but instead comprise a non-exhaustive collection of considerations that may be relevant. *Conan Props., Inc. v. Conans Pizza, Inc.*, 752 F.2d 145, 150 (5th Cir. 1985).[10] Although some of these factors may weigh more heavily than others, depending on the particular facts and circumstances of the case, each of the factors and all of the relevant evidence must be weighed and considered in determining likelihood of confusion. *Sun-Fun Prods., Inc. v. Suntan Research & Dev., Inc.*, 656 F.2d 186, 189 (5th Cir. 1981); *see Oreck Corp. v. U.S. Floor Sys., Inc.*, 803 F.2d 166, 170 (5th Cir. 1986), *cert. denied*, 481 U.S. 1069 (1987); *accord Lang v. Retirement Living Publishing Co.*, 949 F.2d at 580 ("[E]ach factor must be considered in the context of the others, and balanced to determine whether a likelihood of confusion exists"); *Volkswagenwerk Aktiengesellschaft v. Wheeler*, 814 F.2d at 817 ("No one factor is necessarily determinative, but each one must be considered.").

In reviewing the district court's grant of summary judgment, the Fifth Circuit Court of Appeals erred by considering only the factors and the evidence that it perceived as weighing against a finding of likelihood of confusion, and by viewing this evidence in a vacuum instead of in the context of the record as a whole. To properly consider the issue of whether a reasonable jury, upon taking the record as a whole, could have rendered a verdict in favor of NACFE that there was no likelihood of

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[10] Courts examine all of the factors; however, the absence or presence of any one factor is not dispositive. Indeed, a finding of likelihood of confusion need not be supported by even a majority of the seven factors considered by the Fifth Circuit. *Conan Props., Inc. v. Conans Pizza, Inc.*, 752 F.2d at 150.

confusion, the court of appeals should have reviewed and balanced all seven factors generally evaluated in the Fifth Circuit to decide the issue of likelihood of confusion.[11]

Instead, in a tortuous effort to give the appearance of a full review of the district court's summary judgment analysis, the court of appeals took a token look at only those three of the seven foundational factors that it felt supported its preordained results (actual confusion, similarly of marks, and similarity of purchasers) and erred as a matter of law in its analysis of each of the three factors. NACFE did not controvert SOFE's evidence of actual confusion, and the court of appeals did not identify any contrary evidence proffered by NACFE nor did it identify or articulate any evidentiary disputes regarding these factors. Further, there was not, and the court of appeals did not find, any dispute about the appearance of the parties' marks or the composition of their respective markets. Nevertheless, the court of appeals held that the determination of whether the undisputed facts indicate likelihood of confusion is itself a genuine factual issue and, therefore, is inappropriate for summary resolution by the court.

The court of appeals first asserted that a reasonable juror could find that no likelihood of confusion exists because SOFE presented summary judgment evidence of twelve instances of actual confusion over a five year

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[11] Those seven factors are: (1) the strength of plaintiff's trademark; (2) similarity of marks; (3) similarity of product; (4) similarity of retail outlets and purchasers; (5) similarity of advertising media utilized; (6) defendant's intent; and (7) actual confusion. *Chevron Chem. Co. v. Voluntary Purchasing Groups*, 659 F.2d 695, 703 (5th Cir. 1981).

period (citing *Amstar Corp. v. Domino's Pizza, Inc.*, 615 F.2d 252, 263 (5th Cir.), *cert. denied*, 449 U.S. 899 (1980)) (evidence of three incidents of actual confusion over fifteen year period held to raise presumption against likelihood of confusion). (App. 11a-12a).

To the contrary, evidence of actual confusion is regularly held to constitute probative evidence of the existence of likelihood of confusion. In fact, many courts of appeals have held that evidence of a few incidents of actual confusion alone constitutes very strong evidence of likelihood of confusion. *See International Kennel Club, Inc. v. Mighty Star, Inc.*, 846 F.2d 1079, 1089 (7th Cir. 1988) (although evidence of actual confusion was "hardly overwhelming" it was entitled to "substantial weight"); *AmBrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1544 (11th Cir. 1986), *cert. denied*, 481 U.S. 1041 (1987) (four instances of actual confusion held sufficient).[12]

Other courts of appeals have held that although evidence of only a few incidents of actual confusion may not, standing alone, furnish sufficient evidence of likelihood of confusion, it nevertheless constitutes probative evidence in favor of a finding of likelihood of confusion. *See, e.g., John H. Harland Co. v. Clarke Checks, Inc.*, 711 F.2d

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[12] Indeed, the Fifth Circuit itself has held that "very little proof of actual confusion [is] necessary to prove the likelihood of confusion, [and] an almost overwhelming amount of proof [is] necessary to refute such proof." *World Carpets, Inc. v. Dick Littrell's New World Carpets*, 438 F.2d 482, 489 (5th Cir. 1971) (affirming a directed verdict in favor of the plaintiff in a trademark infringement case based on evidence of only a few incidents of actual confusion, none of which involved actual consumers); *see also Louisiana World Exposition, Inc. v. Logue*, 746 F.2d 1033, 1041 (5th Cir. 1984) (upholding finding a likelihood of confusion based on one instance of actual confusion).

966, 978-79 (11th Cir. 1983) (two incidents of actual confusion held to constitute evidence in favor of likelihood of confusion even though neither incident involved an actual consumer); *Sun Banks of Fla., Inc. v. Sun Fed'l Sav. & Loan Ass'n*, 651 F.2d 311, 319 (5th Cir. 1981) (fifteen incidents of actual confusion over a three-year period, none of which involved actual consumers, "should be given appropriate consideration").[13]

The Fifth Circuit's holding that uncontroverted evidence of twelve instances of actual confusion over a five year period constitutes evidence militating *against* a finding of likelihood of confusion and is sufficient to raise a genuine issue for trial is contrary to the above authority. Rather than raise an issue of fact, the evidence of actual confusion should only confirm the appropriateness of summary judgment. *See Varitronics Sys., Inc. v. Merlin Equip., Inc.*, 682 F. Supp. 1203, 1208-09 (S.D. Fla. 1988) (one incident of actual confusion held sufficient to support summary judgment in favor of plaintiff on issue of likelihood of confusion where defendant offered no rebuttal evidence showing an absence of confusion).

The only other two of the seven factors addressed by the court of appeals were the similarity of the marks and the similarity of purchasers. With respect to those factors, the court of appeals stated that the district court found

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[13] Other courts faced with evidence of isolated incidents of actual confusion have held that the evidence is not probative either for or against likelihood of confusion. *See Nutri/System, Inc. v. Con-Stan Indus., Inc.*, 809 F.2d 601, 606 (9th Cir. 1987); *Scott Paper Co. v. Scott's Liquid Gold, Inc.*, 589 F.2d 1225, 1231 (3d Cir. 1978). *Cf. Toro Co. v. R & R Prods. Co.*, 787 F.2d 1208, 1215 (8th Cir. 1986); *Pignons S.A. de Mecanique de Precision v. Polaroid Corp.*, 657 F.2d 482, 490-91 (1st Cir. 1981).

that the marks were "identical" and that there was an "identity of purchasers," and then concluded that, since it found certain unspecified distinctions in the parties' presentation of the same "CFE" mark (App. 13a), and since NACFE's market is broader than, though inclusive of, SOFE's market (App. 13a), a reasonable juror might find no likelihood of confusion.[14] However, this reasoning ignores the legal standard that absolute identity is not required as to either marks or purchasers. *See McLean v. Fleming*, 96 U.S. 245, 255 (1878) (marks need not be identical); *Professional Golfers' Ass'n of Amer. v. Bankers Life & Cas. Co.*, 514 F.2d 665, 669-70 (5th Cir. 1975) (parties' goods and services need not be identical, direct competition is not necessary); *International Kennel Club, Inc. v. Mighty Star, Inc.*, 846 F. 2d 1079, 1089 (7th Cir. 1988) (same). Taking the summary judgment record as a whole, however, no reasonable juror could find that there is no likelihood of confusion based on minor differences in the parties' visual presentations of SOFE's trademark and on the fact that NACFE's market is broader than SOFE's market.

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[14] After SOFE had been using the trademark "CFE" in connection with providing services to its customers for fourteen years, NACFE began using the same mark in connection with providing basically the same services to many of the same customers. (App. 24a; R.974-986; 994-1002; 1015-1017; 1062-1072; 1275-1277). Taking this record as a whole, a rational trier of fact could not find in favor of NACFE.

II. The Decision Below Creates A Conflict Among The Circuits As To Whether Determinations Of Genericness Can Be Resolved On Summary Judgment.

In this action the court of appeals advanced, as a second ground for reversing the district court's grant of summary judgment, the conclusion that SOFE's "CFE" mark "could be poised to fail [the] test" of genericness (App. 9a), and that summary judgment could not be entered on that issue. That conclusion (i) is implicitly but irrevocably in conflict with the decisions of the other courts of appeals identified in Section I, *supra*[15]; (ii) is directly contradicted by the Courts of Appeals for the First, Second, Third, Seventh, Ninth and Federal Circuits (as set forth in the next section of this petition); and (iii) was reached without discussing the summary judgment evidence establishing that the mark is not generic or contradicting the district court's conclusion that such evidence was uncontroverted.

A. Numerous Of The Other Courts Of Appeals Have Squarely Held That Genericness Can Be Resolved By Summary Judgment.

The Courts of Appeals for the First, Second, Third, Seventh, Ninth and Federal Circuits have held that issues of genericness are properly resolved on motions for summary judgment.[16] Those courts are in direct conflict with

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[15] Since, as the court of appeals below noted, genericness is a threshold inquiry to any finding of infringement based on likelihood of confusion (App. 5a), every court that has granted summary judgment on infringement claims must have decided the question of genericness on a motion for summary judgment.

[16] The Courts of Appeals for the Fourth Circuit and the Eighth Circuit have recently indicated that they are in accord,

the decision of the Court of Appeals for the Fifth Circuit here. This manifest split of authority warrants grant of the writ.

In *Coca-Cola Co. v. Overland, Inc.*, 692 F.2d 1250 (9th Cir. 1982), the Court of Appeals for the Ninth Circuit affirmed the district court's grant of summary judgment that the defendant had infringed the plaintiff's federally registered mark. The court of appeals in *Overland* specifically addressed the rejection of a genericness defense on a motion for summary judgment, noting that the defendant had maintained "that whether the trademark 'Coke' has become generic raises a genuine issue of material fact which precludes the grant of summary judgment." *Id.* at 1254. That court, unlike the court of appeals here, gave substantial and appropriate weight to the fact that the mark at issue was validly registered and subsisting under federal law. That court properly held that:

> The general presumption of validity resulting from federal registration includes the specific presumption that the trademark is not generic. *See Reese Publishing Co. v. Hampton International Communications, Inc.*, 620 F.2d 7, 11 (2d Cir. 1980); *Miss Universe, Inc. v. Patricelli*, 408 F.2d at 509.
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> A party moving for summary judgment is entitled to the benefit of any relevant presumptions that support the motion. *United States v. General Motors Corp.*, 171 U.S. App. D.C. 27, 518 F.2d 420, 441-42 (D.C. Cir. 1975); *see* 6 J. Moore, W. Taggart & J. Wicker, *Moore's Federal Practice*,

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affirming, on the opinions below, district courts' grants of motions for summary judgment deciding issues of genericness. *Best Buy Warehouse v. Best Buy Co.*, 920 F.2d 536 (8th Cir. 1990), *cert. denied*, 501 U.S. 1252 (1991); *Convenient Food Mart, Inc. v. 6-Twelve Convenient Mart, Inc.*, 870 F.2d 654 (4th Cir. 1989).

> ¶ 56.15[3] (2d ed. 1982). By virtue of the presumption that the trademark 'Coke' is not generic, Coca-Cola has met its burden of demonstrating the genericness of the trademark 'Coke' does not raise a genuine issue of material fact.

Id.

The Court of Appeals for the Federal Circuit, which has special expertise in trademark matters because appeals from the Trademark Trial and Appeal Board of the Patent and Trademark Office (the "TTAB") are brought to that court, held three years ago that summary judgment resolving cross motions to determine whether or not a mark was generic was appropriate, and affirmed the TTAB's finding of genericness. *Loglan Institute, Inc. v. Logical Language Group, Inc.*, 962 F.2d 1038 (Fed. Cir. 1992). That court of appeals held that the requirements for granting summary judgment in a trademark cancellation proceeding before the TTAB, which proceeding addressed the precise question of whether the contested mark was generic, "are the same as in any other case, *viz.*, that there be no genuine issue of material fact and the movant be entitled to judgment as a matter of law." *Id.* at 1040. That court concluded that the TTAB had acted properly by considering cross motions for summary judgment on the issue of genericness and rendering a decision based upon affidavits and exhibits submitted by the parties, and affirmed the TTAB's decision. *Id.*

In *Leathersmith of London, Ltd. v. Alleyn*, 695 F.2d 27 (1st Cir. 1982), *cert. denied*, 459 U.S. 1209 (1983), the Court of Appeals for the First Circuit affirmed a district court finding, on cross motions for summary judgment, that the mark in issue was generic. Relying on the fact that evidence of generic use was supported by an affidavit of

defendant and not contradicted by any other evidence of record, the court held that summary judgment on that issue was appropriate. *Id.* at 30-31. The Court of Appeals for the Second Circuit also has held that issues of genericness are appropriate for resolution on a motion for summary judgment. In *Community of Roquefort v. William Faehndrich, Inc.*, 303 F.2d 494 (2d Cir. 1962), the court affirmed the plaintiffs' motion for summary judgment on issues of genericness and infringement. The Court of Appeals for the Federal Circuit specifically addressed and rejected the defendant's assertion that the contested mark had only a generic meaning, stating that "nowhere in the affidavits submitted below on the motion for summary judgment is there any allegation of facts which suggests that such a genuine issue exists. . . . " *Id.* at 497. Similarly, in this case, the district court found, and the court of appeals did not find facts to the contrary, that SOFE had submitted uncontroverted evidence of its ownership of a federal registration and of the validity of its "CFE" mark, and that NACFE had failed to submit any evidence tending to establish that the "CFE" mark was generic. (App. 21a-22a; 25a-26a). However, the conclusion of the court of appeals in *Roquefort* is directly contrary to that of the Fifth Circuit Court of Appeals here.

Only two years ago, in *Berner International Corp. v. Mars Sales Co.*, 987 F.2d 975 (3d Cir. 1993), the Third Circuit Court of Appeals reversed and remanded the district court's finding, on a motion for summary judgment, that the mark in issue was generic. And, in *Henri's Food Products Co. v. Tasty Snacks, Inc.*, 817 F.2d 1303 (7th Cir. 1987), the Seventh Circuit Court of Appeals reversed a district court's finding, on a motion for summary judgment, that a mark was not protected by the Lanham Act

because it was "generic." That court of appeals analyzed the summary judgment evidence submitted below and held that the mark in issue was not generic, because it was descriptive of the goods it identified. *Id.* at 1306.

The conflict between the decision below and the decisions of these other circuits could not be more stark. Further, because the validity of the mark is a threshold issue in any infringement case (App. 5a), all of the decisions granting motions for summary judgment cited in the preceding section, pp. 12-14, *supra*, also implicitly find genericness to be properly resolved on motions for summary judgment. The Court of Appeals for the Fifth Circuit should not remain the only court of appeals advocating such a myopic and unwarranted reading of Rule 56, applicable solely to trademark infringement actions.

B. SOFE's "CFE" Mark Is Not Generic And No Basis, Either In Fact Or Law, Supports The Court Of Appeals' Conclusion To The Contrary.

With no analysis of whether the record contained evidence controverting the *prima facie* validity of SOFE's "CFE" mark, or evidence countering SOFE's showing that the public's perception of the "CFE" mark indicated affiliation with SOFE, the Court of Appeals for the Fifth Circuit decided that the issue of genericness was inherently factual and thus inappropriate for summary judgment. It is undisputed that NACFE proffered no evidence that the public perceives or understands the terms "CFE" or "Certified Financial Examiner" primarily as a designation of a type of article or service (*i.e.*, a generic term) rather than as designations of source (*i.e.*, SOFE). In fact, NACFE's only contribution to the record on the issue of

public perception was an excerpt from a dictionary containing the following definition of the term "CFE": "Certified Financial Examiner [Designation awarded by Society of Financial Examiners]." R.1702-1703.[17]

In telling contrast to NACFE's silence on the issue of genericness, SOFE submitted affidavits and deposition transcripts from numerous members of the relevant markets who stated that they understood the "CFE" mark to be an indication of association with, or sponsorship by, SOFE. (App. 24a-25a; R.947-948; 951-952; 955; 970-971; 975-976; 978; 983; 995-996; 1016; 1020; 1028; 1047-1048; 1055-1057; 1062-1064; 1067-1068; 1071; 1126-1127; 1131-1132; 1262-1263; 1275-1277). Moreover, SOFE submitted undisputed evidence that it holds a registration for "CFE" on the Principal Register of the United States Patent and Trademark Office.

Evidence of registration endows a trademark with a strong presumption of validity, which includes the presumption that the trademark is not generic. *Coca-Cola Co. v. Overland, Inc.*, 692 F.2d 1250, 1254 (9th Cir. 1982); *see* 15 U.S.C. § 1057(b).[18] This presumption of validity should

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[17] That definition should have been considered by the court of appeals as very strong evidence that the terms "CFE" and "Certified Financial Examiner" are primarily perceived by the public as designations of source. *See Gimix, Inc. v. JS & A Group, Inc.*, 699 F.2d 901, 905 (7th Cir. 1983) (holding that dictionaries are "especially appropriate" sources of evidence regarding a term's primary significance); *Murphy Door Bed Co. v. Interior Sleep Sys., Inc.*, 874 F.2d 95, 101 (2d Cir. 1989) (holding that dictionary definitions are "influential" in determining genericness "because they reflect the general public's perception of a mark's meaning and implication").

[18] The court of appeals' failure to give proper weight to SOFE's federal registration of its mark is contrary to this Court's

have shifted the burden of proof to NACFE, the party claiming that the mark was generic. *Overland*, 692 F.2d at 1254; *WSM, Inc. v. Hilton*, 724 F.2d 1320, 1326 (8th Cir. 1984); *Reese Publishing Co. v. Hampton International Communications, Inc.*, 620 F.2d 7, 11 (2d Cir. 1980). And where the opponent of a summary judgment motion bears the burden of proof on an issue, that party cannot rest on its pleadings, but must submit competent summary judgment evidence showing the existence of a genuine issue of fact which necessitates a trial. *Celotex Corp. v. Catrett*, 477 U.S. at 322-24; *Anderson v. Liberty Lobby*, 477 U.S. at 251-52; *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. at 586. Thus, even in the absence of evidence establishing that the public perceives "CFE" as a designation of source, to avoid summary judgment on the issue of genericness, NACFE was required to proffer summary judgment evidence showing that the public perceives SOFE's registered trademark as a generic term. Because NACFE failed to meet this burden, summary judgment should have been granted. *Overland*, 692 F.2d at 1254, *Celotex*, 477 U.S. at 322-24.

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teaching in *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189 (1985), resolving a conflict among the circuit courts, in which this Court reversed a decision of the Ninth Circuit Court of Appeals holding that a registered mark was merely descriptive. *Id.* at 192-93. This Court held that the Ninth Circuit had failed to give proper weight to the petitioner's valid and subsisting (and, in *Park 'N Fly*, incontestable) federal registration in deciding that the mark could not be protected. The Fifth Circuit here, contrary to *Park 'N Fly*, gave no weight at all to SOFE's registration which, although not incontestable, is *prima facie* evidence that a mark is *not* generic. 15 U.S.C. § 1115(a).

CONCLUSION

This is not a case involving a court of appeals' failure to credit facts of record, nor is it an instance of a court of appeals reaching different factual conclusions than the district court based on a record containing facts susceptible of supporting contradictory conclusions. The court below categorically and explicitly denied, *a priori*, that summary judgment could ever resolve issues of trademark infringement, even where actual confusion was amply demonstrated and where *prima facie* evidence of validity of the mark was not contradicted in any way. The failure of the Court of Appeals for the Fifth Circuit adequately to analyze the facts and the elements of the claims at issue speaks volumes about the actual reason behind its decision.

The decision below manifests an improper and unwarranted antipathy to summary judgment, thinly cloaked by expressions of concern for factual determinations without a plenary trial. A genuine concern for the facts of record and the weight of the evidence would have led the Fifth Circuit Court of Appeals to come to the same inescapable conclusion as did the district court: that SOFE's "CFE" mark had been infringed by NACFE's use of an identical mark to offer virtually identical services to a virtually identical market.

This petition asks this Court not to clarify handling of evidentiary issues in the field of trademark law, but rather to reaffirm that, on a properly supported factual record, summary judgment is an appropriate and favored procedure for expeditiously resolving claims about which there can be no real dispute. It offers this Court the opportunity to confirm that its prior teachings on summary judgment are applicable to all substantive cases of

law, not just those areas presenting issues which individual courts of appeals consider factually straightforward. The writ of certiorari should be granted.

Respectfully submitted,

J. Stephen Ravel
Counsel of Record

Diana L. Nichols
Bickerstaff, Heath & Smiley, L.L.P.
98 San Jacinto Blvd., Suite 1800
Austin, Texas 78701-4039
(512) 472-8021
Counsel for Petitioner

Of Counsel:
Vivian L. Polak
Thomas Fenerty
Deirdre F. Curtis
LeBoeuf, Lamb, Greene & MacRae, L.L.P.
125 West 55th Street
New York, New York 10019-5389
(212) 424-8000

April 3, 1995

APPENDIX

SOCIETY OF FINANCIAL EXAMINERS,
Plaintiff-Appellee,

v.

NATIONAL ASSOCIATION OF CERTIFIED FRAUD EXAMINERS INC., et al., Defendants,

National Association of Certified Fraud Examiners, et al., Defendants-Appellants.

No. 94-50074.

United States Court of Appeals,
Fifth Circuit.

Jan. 3, 1995.

Organization that used initials "CFE" to designate "certified financial examiner" brought trademark infringement action against organization that sought to use same initials to designate "certified fraud examiner." The United States District Court for the Western District of Texas, James R. Nowlin, J., entered summary judgment, and appeal was taken. The Court of Appeals, Edith H. Jones, Circuit Judge, held that genuine issue of material fact as to whether initials "CFE" used by organization to denote "certified financial examiner" was generic mark and whether another organization's use of same letters to denote "certified fraud examiner" was likely to cause confusion precluded summary judgment.

Vacated and remanded.

John J. McKetta, III, David G. Henry and G. Michael Lawrence, Graves, Dougherty, Hearon & Moody, P.C., Austin, TX, for appellants.

Stephen Ravel, Bickerstaff, Heath & Smiley, L.L.P., Austin, TX, Vivian Polak, Deirdre F. Curtis, LeBoeuf, Lamb, Leiby & MacRae, New York City, for appellee.

Jerald A. Jacobs, Jenner & Block, Robert A. Wynbrantdt, Nory Miller, Washington, DC, for amicus Nat'l Org. for Competency Assurance, et al.

Appeal from the United States District Court for the Western District of Texas.

Before HIGGINBOTHAM, JONES and BARKSDALE, Circuit Judges.

EDITH H. JONES, Circuit Judge:

Demand apparently exists for those professionals with the designation "CFE" on their resume. Two organizations offer the educational and training programs necessary to endow these initials with meaning. Unfortunately, whereas the defendant, the National Association of Certified Fraud Examiners, intends "CFE" to designate "Certified Fraud Examiner," the plaintiff, the Society of Financial Examiners, has historically utilized the same initials to represent a "Certified Financial Examiner." Whether the Lanham Act entitles the initial user of the designation to prohibit confusion generated by this state of affairs is resolved by answering two subsidiary questions:

(1) Is "CFE" too generic a mark to qualify for statutory protection?;

(2) Does a "liklihood of confusion" exist?

The district court thought the answers obvious, and entered summary judgment. Reviewing the district

court's grant of summary judgment de novo, this court determines that these fact-intensive inquiries cannot be conducted properly without a trial. The district court's judgment must therefore be reversed.[1]

I.

The Society of Financial Examiners (SOFE) was organized in 1973 as a non-profit professional organization of financial examiners and public-sector regulators who supervise, review and analyze the financial security of banks, insurance companies, credit unions, savings and loan associations and other financial institutions. SOFE maintains an array of accreditation and certification qualifications for membership in its organization. Most notably, SOFE demands adherence to a canon of ethics, successful performance on a comprehensive examination, and satisfaction of continuing education standards. Since 1974, SOFE has used "CFE" to designate this exam ("CFE Exam"), the preparation materials and programs for the test ("CFE Program"), and to refer to those who have completed the exam and adhere to the other requirements as "CFE Members." In September of 1992, SOFE obtained a service mark registration for "CFE" educational goods and association services.[2]

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[1] The district court did not address the merits of the plaintiff's pendent state law claims. Presented as an interlocutory appeal of that court's judgment, this court likewise does not resolve nor consider those claims.

[2] The trademark registration was limited to:

i. [International Class 41] "Educational services; namely, providing self-study courses designed for persons employed or

In contrast, the National Association of Certified Fraud Examiners (NACFE) is an unincorporated professional association that has grown in a few years' time to include about 10,000 members engaged in detecting and deterring fraud and white-collar crime. Like SOFE, NACFE obliges its members to pass a uniform examination, maintain competency through continuing education and heed a code of professional ethics. In 1988, NACFE selected the designation "certified fraud examiner" and the corresponding acronym "CFE" to recognize those accountants, law enforcement professionals, regulators, lawyers, professors, auditors, and security managers and investigators who satisfied its standards.

Both organizations publish newsletters, organize and conduct seminars and conferences, and advise regulators and quasi-regulators on issues of concern.

II.

"The gravamen for any action of trademark infringement or common law unfair competition is whether the challenged mark is likely to cause confusion." *Marathon Manufacturing Co. v. Enerlite Products*, 767 F.2d 214, 217

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engaged by or on behalf of government regulatory authorities to conduct or assist in the financial examination of banks, savings and loans, credit unions, insurance companies and other financial institutions. . . . "

ii. [International Class 42] "Association services; namely, promoting the interests of financial examiners presently or formerly employed or engaged by or on behalf of government regulatory authorities to conduct or assist in the financial examination of banks, savings and loans, credit unions, insurance companies and other financial institutions. . . . "

(5th Cir.1985) (citations omitted). In this circuit, whether NACFE's later use of "CFE" is "likely to cause confusion" is a question of fact. *Amstar Corp. v. Domino's Pizza, Inc.*, 615 F.2d 252, 258 (5th Cir.1980). Even total confusion, however, is irrelevant if "CFE" constitutes a "generic" mark. That too is a question of fact. *American Automobile Association v. AAA Legal Clinic*, 930 F.2d 1117, 1121 (5th Cir.1991).

Although both critical determinations were factual, the district court believed summary judgment appropriate. Whereas general principles of summary judgment assail this conclusion, the explicit guidance of *Marathon Manufacturing* – in the context of a nearly identical factual predicate – decimates it. In *Marathon Manufacturing*, this court repudiated exercise of summary judgment to determine whether a likelihood of confusion existed between "MARATHON" and "MARATHON 10" marks. *Id.* at 217. ("Although the parties filed cross-motions for summary judgment, this procedure was improper.") Notably, both parties had filed motions for summary judgment asserting that no material facts were in dispute.

Notwithstanding this suggestion, identifying a genuine issue of material fact was not difficult in *Marathon* nor is it here. "[T]he fact that both parties simultaneously are arguing that there is no genuine issue of fact does not establish that a trial is unnecessary thereby empowering the court to enter judgment as it sees fit." *Podberesky v. Kirwan*, 38 F.3d 147 (4th Cir.1994) (citing 10A Charles A. Wright, Arthur R. Miller & Mary Kay Kane, Federal

Practice and Procedure § 2720 (2d ed. 1983)).[3] Indeed, both factual questions – whether CFE is generic and the existence of likelihood of confusion – pose a genuine issue of fact in this case.

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[3] "Not infrequently, the parties in such a case do not really mean to suggest that there are no material questions of fact. Rather, they intend to submit the remaining fact questions to the district court for resolution on the existing record." *Fritiofson v. Alexander*, 772 F.2d 1225, 1239 (5th Cir.1985). This is precisely what transpired in *Marathon*.

> [C]ounsel . . . agreed that what really occurred was a submission of the case on the written record, developed after extensive discovery and supplemented with oral argument before the district judge. Despite the label: summary judgment, all parties fully agree that the district court reached a conclusion by making a single finding of fact as to likelihood of confusion based on underlying facts which were either not substantially in dispute or left to the district court to decide from the voluminous record on submission.

767 F.2d at 217. It is inconceivable here, however, that NACFE consented to submission on a record. Though its motion for summary judgment did urge the absence of a material disputed fact, NACFE merely insisted that "CFE" is unprotectable as a matter of law. Even if the district court overlooked NACFE's point, NACFE was assuredly correct; everything else would become moot by prevailing on this account.

Conversely, NACFE's response to SOFE's motion for summary judgment pointedly described the presence of material questions of fact should its unprotectability *per se* argument be spurned by the district court. For example, the first paragraph declared: "Even if a likelihood of confusion analysis was not rendered moot by Defendants' Motion for Summary Judgment, there does exist a material question of fact concerning the nature o[r] likelihood of confusion which is cognizable in a case of this nature."

A dispute about a material fact is "genuine" if the evidence would permit a reasonable jury to return a verdict for the nonmoving party. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248, 106 S.Ct. 2505, 2510, 91 L.Ed.2d 202 (1986). Hence this court tests the propriety of summary judgment by evaluating whether a reasonable fact finder could return a verdict for NACFE on either issue. Simply, would the result of submitting the case to a rational trier of fact be preordained? Considering all evidence in the light most favorable to the non-moving party and resolving all reasonable inferences in favor of the non-moving party, *id.* at 249, 106 S.Ct. at 2510-11, precipitates substantial doubt as to the proper solution to either issue. On this record, a trier-of-fact would be entitled to decide that "CFE" was generic or to adjudge the likelihood of confusion farfetched.

III.

"The terms 'generic' and 'trademark' are mutually exclusive." McCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 12.01[1] at 12-3 (3d ed. 1992). Citing *Blinded Veterans Assoc. v. Blinded American Veterans Foundation*, 872 F.2d 1035, 1041 (D.C.Cir.1989) (Ginsburg, R.B., J.) (holding "blinded veterans association" generic), NACFE asserts that "certified financial examiner" likewise denotes little more than a class of individuals.[4]

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[4] NACFE also contends that SOFE's members use "CFE" effectively as a designation of title rather than to indicate the source or origin of the training and standards they comply with. As a designation of title, NACFE asserts, "CFE" is unprotectable as a matter of law. We cannot evaluate these contentions without

SOFE is also summoned to distinguish "certified financial examiner" from the generic "multistate bar examination" and "MBE." *National Conference of Bar Examiners v. Multistate Legal Studies*, 692 F.2d 478, 488 (7th Cir.1983).[5] This circuit challenges the trier-of-fact to isolate the generic. *Texas Pig Stands v. Hard Rock Cafe*, 951 F.2d 684, 692 (5th Cir.1992).

In principle, the touchstone is clear: "[T]he test for genericness [sic] is whether the public perceives the term primarily as the designation of the article." *Blinded Veterans*, 872 F.2d at 1041. In contrast, actually to divine whether "pig sandwich," for example, characterizes an article itself (*i.e.*, a dish of barbecued pork on wheat or white bun) or instead typifies a singular member of the article's class[6] is "difficult." *Texas Pig Stands*, 951 F.2d at 692.[7] Put another way, "the primary significance of" a trademark "in the minds of the consuming public is not the product but the producer." *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 118, 59 S.Ct. 109, 113, 83 L.Ed. 73 (1938).

To secure protection, therefore, "CFE" must invoke the source of the designation and not just intimate a

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a predicate factual finding whether the "CFE" mark is so used or understood.

[5] "We need not deal separately with the question whether the initials ["CFE"] are generic; if the full name is generic, an abbreviation is treated similarly." *Blinded Veterans*, 872 F.2d at 1041 n. 12 (citations omitted).

[6] For instance, the type of shredded pork sandwich produced by Pig Stands.

[7] The province to embrace either conclusion was recognized. *Id.*

financial examiner who has been certified. Like J.D., M.B.A., Ph.D., and C.P.A., "certified financial examiner" could be poised to fail this test.

> A mark answers the buyer's questions "Who are you? Where do you come from?" "Who vouches for you?" But the name of the product answers the question "What are you?" Many competitive products will give the same answer, regardless of source or origin – *e.g.*, a computer, a box of cigars, a bar of soap. Such generic designations tell the buyer what the product is, not where it came from.

McCarthy § 12:01[2] at 12-4. Enlightened by this gauge, unqualified faith that "CFE" primarily signifies origin could be only divinely inspired.[8] The summary judgment must be reversed on this basis alone.

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[8] Indeed, many terms already found generic are sufficiently akin to "certified financial examiner" to have counseled restraint in the exercise of summary disposition. These are illustrative:

> AEC (trade show on architecture, engineering and construction)
> ASSOCIATION OF ENERGY ENGINEERS (organization of engineers specializing in the field of energy)
> CONSUMER ELECTRONICS MONTHLY (title of magazine)
> INDUSTRIAL RELATIONS COUNSELORS, Inc. (seminars on industrial relations)
> VIDEO BUYER'S GUIDE (magazine for home television products)

Id. at § 12.03, at 12-32:41 (collecting cases). Contrast "CFE" and these examples to the "American Automobile Association" or "Better Business Bureau" marks, neither which could be understood in ordinary English usage to describe "a class of services." *American Automobile Association*, 930 F.2d at 1121.

Nevertheless, that "certified financial examiner" does – or did – evince provenance is not inconceivable. An apprehension of this possibility elucidates the Supreme Court's observation in *Ibanez v. Florida Dept. of Business and Professional Regulation*, ___ U.S. ___, ___, 114 S.Ct. 2084, 2091, 129 L.Ed.2d 118 (1994), that " 'Certified Financial Planner' and 'CFP' are well-established, protected federal trademarks that have been described as 'the most recognized designation[s] in the planning field.' " As opposed to igniting a revolution, Justice Ginsburg merely affirmed that "CFP" was an ostensible token of source. Because no question of trademark law was before the Court in *Ibanez*, however, its statement, while suggestive, is not binding on lower courts. *Ibanez* is thus an instructive reminder that "CFE" *could* import to the public a "particular merchandiser" and not chiefly "the type of service merchandised." *National Conference of Bar Examiners*, 692 F.2d at 488. NACFE thus might not be entitled to summary judgment either.[9]

IV.

> To prove its claim of trademark infringement [plaintiff] was required to show that [defendant's] use of [the mark] was likely to create confusion in the minds of potential purchasers as to source, affiliation, or sponsorship of the parties' products.

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[9] The denial of NACFE's motion for summary judgment is not before this court.

Oreck Corp. v. U.S. Floor Systems, Inc., 803 F.2d 166, 170 (5th Cir.1986). Whether NACFE's use of "CFE" or "certified fraud examiner" was likely to confuse any potential customers of SOFE's goods and services is the precise inquiry.[10] Intuitively, the use of "CFE" by two organizations in the market for professionals who scrutinize financial representations breeds confusion. The record is too incomplete, however, to constrain a reasonable trier-of-fact from concluding confusion unlikely to occur in potential customers.[11]

Specifically, the dearth of evidence of actual confusion vis à vis *SOFE's educational goods and services*[12] could

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[10] In this circuit, seven factors relevant to the ultimate question of likelihood of confusion have been identified: the type of trademark at issue; similarity of design; similarity of product; identity of retail outlets and purchasers; identity of advertising media utilized; defendant's intent; and actual confusion. *Amstar Corp. v. Domino's Pizza, Inc.*, 615 F.2d 252, 259 (5th Cir.1980). The magistrate judge made "findings" on each of these.

[11] The plaintiff need not, however, *prove* confusion in actual consumers. *Fuji Photo Film v. Shinohara Shoji Kabushiki Kaisha*, 754 F.2d 591, 597 (5th Cir.1985) (error to discount evidence of actual confusion on part of distributors and trade show visitors). Evidence of confusion in others permits the inference of confusion of purchasers. *Id.* (confusion in customers inferred from confusion in retailers, sales clerks, distributors) (collecting cases).

[12] SOFE's affidavits support "at least twelve known instances of actual confusion." Whereas all of these are probative in a fact-finder's assessment of the likelihood of confusion, none represents confusion by a consumer of SOFE's wares. Seven of the "instances" occurred in an employment interview (or closely analogous) context. The other five episodes of confusion reflected mistaken presumptions that arose briefly from the display of "CFE" on a business card or letterhead.

jeopardize the expectation of confusion.[13] "Although evidence of actual confusion is not necessary to a finding of likelihood of confusion, it is nevertheless the best evidence of likelihood of confusion." *Amstar Corp. v. Domino's Pizza, Inc.*, 615 F.2d 252, 263 (5th Cir.1980) (citation omitted). Hence SOFE's inability to produce an actual instance of confusion, or at most twelve examples over a five year period, refutes the likelihood of confusion. Fidelity to *Amstar* impels reversing the district court: "Indeed, the fact that only three instances of actual confusion were found after nearly fifteen years of extensive concurrent sales under the parties' respective marks raises a presumption against likelihood of confusion in the future." *Id.* (citation omitted).[14]

Moreover, material disputes apparently exist on other "digits of confusion."[15] For example, although

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[13] Recall *Oreck* demands confusion over the parties' products. SOFE must therefore establish a likelihood of confusion over the commodities it markets.

[14] In *Oreck*, this court found the plaintiff's "inability to point to a single incident of actual confusion" in light of concurrent use of the similar marks for seventeen months "highly significant." 803 F.2d at 173.

[15] Contrary to NACFE's suggestion, SOFE is not required to produce evidence on all seven "digits" recognized by this court. These digits are not elements of a plaintiff's cause of action, but instead comprise a nonexhaustive collection of considerations that may be relevant to the ultimate factual determination – Are the actions of the defendant likely to create confusion? *Conan Properties, Inc. v. Conans Pizza, Inc.*, 752 F.2d 145, 150 (5th Cir.1985) ("The absence or presence of any one factor ordinarily is not dispositive; indeed, a finding of likelihood of confusion need not be supported by even a majority of the seven factors.")

SOFE and NACFE's use of the exact same initials – "CFE" – manifests a "similarlity [sic] of design," this fact alone is not conclusive on the digit. *Marathon Mfg.*, 767 F.2d at 218 ("the court erroneously focused on the similarity between the words 'Marathon' and 'Marathon 10,' rather than the overall dissimilarity between the composite marks or corporate logos used by each company"). Yet the district court ignored the distinctive presentations of their respective marks in the record in concluding "[t]he 'CFE' mark used by the defendants is identical to that used by the plaintiffs." The visual contrast easily suffices to empower a trier-of-fact to decide otherwise.

Similarly, the district court mistakenly assumed "identity of purchasers" to be unassailable. Although SOFE convincingly documented some tangency with NACFE's marketing, "[t]here are substantial dissimilarities between the predominant purchasers of plaintiff's and defendants' products." *Amstar*, 615 F.2d at 262. In particular, SOFE's marked accent on public regulatory officials commanded a more refined analysis of the congruence between the parties' potential customers. *Id.* (pivotal difference in advertising to 18-to-34 year old single males and middle-aged housewives).

Whatever the final outcome of this case, we are persuaded that only a full trial on the merits, preceded by adequate discovery, will properly sort out the protectability of "CFE."[16]

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[16] Because we presume adequate discovery will take place prior to a trial, NACFE's "newly discovered" evidence motion is moot.

For the foregoing reasons, we VACATE the injunction of the district court, and REMAND for trial.

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

SOCIETY OF FINANCIAL EXAMINERS, Plaintiff, vs. NATIONAL ASSOCIATION OF CERTIFIED FRAUD EXAMINERS, NATIONAL ASSOCIATION OF CERTIFIED FRAUD EXAMINERS, INC., JOSEPH T. WELLS, ANTHONY LUIZZO, JOEL NITZBERG, JOHN U. FRANCOLLA, AND MARY VAVRUSKA. Defendants.	§ § § § § § § § § § § § § § § §	CASE NO. 92-CA-679-JN

ORDER ADOPTING MAGISTRATE'S REPORT AND RECOMMENDATION, AND GRANTING INTERLOCUTORY PERMANENT INJUNCTION

On this day came on to be heard Plaintiff's Motion for Entry of Interlocutory Permanent Injunction. In addition to the Motion itself, the Court considered de novo all pleadings filed by all parties in connection with their cross motions for Summary Judgment, including Defendants' objections to the Interim Report and Recommendation of United States Magistrate Judge Alan D. Albright, dated December 8, 1993 (the "Magistrate's Report"). The Court is of the opinion that the Plaintiff's Motion for Summary Judgment is meritorious and should be

GRANTED in its entirety, and that Defendants' Motion for Summary Judgment should be denied in its entirety.

It is ORDERED, ADJUDGED, and DECREED by the Court that the Magistrate's Report is adopted as an Opinion and Order of this Court.

It is further ORDERED, ADJUDGED and DECREED by the Court that Plaintiff's Motion for Summary Judgment is GRANTED.

It is further ORDERED, ADJUDGED and DECREED by the Court that Defendants' Motion for Summary Judgment is DENIED.

It is further ORDERED, ADJUDGED and DECREED by the Court that all Defendants, their officers, agents, servants, employees, members, successors, assigns and all those in privity, active concert or participation with any of them, be permanently enjoined:

(a) from using "CFE" or any confusingly similar word, term, name, symbol or device or any combination thereof, in connection with their business or the sale of any services or goods in any manner or context whatsoever without authorization from SOFE, including but not limited to use in connection with individuals' names;

(b) from making in any manner whatsoever any statement or representation, or performing any act likely to lead the public, or individual members of the public, to incorrectly believe that they are in any manner, directly or indirectly, associated or connected with, or sponsored or approved by SOFE;

(c) from engaging in any acts or activities calculated to trade upon SOFE's "CFE" mark or the reputation or

goodwill of SOFE without authorization from SOFE to do so, or in any manner to falsely designate their services as originating with, being associated with, or sponsored or approved by SOFE; and

(d) from committing any other act which infringes or dilutes SOFE's "CFE" mark.

It is further ORDERED, ADJUDGED and DECREED that Plaintiff's Motion for Leave to File its Second Amended Complaint is GRANTED.

It is further ORDERED, ADJUDGED and DECREED that Plaintiff's Motion for Leave to File its Third Amended Complaint is GRANTED.

It is further ORDERED, ADJUDGED and DECREED that Plaintiff's Motion to Dismiss "John Doe" Defendants is DENIED as moot.

It is further ORDERED, ADJUDGED and DECREED that Plaintiff's Motion for Protective Order is DENIED.

It is further ORDERED, ADJUDGED and DECREED that DEFENDANTS' Objections to the Magistrate's Report, having been fully considered, are OVERRULED.

This Order is entered without prejudice to and expresses no opinion concerning Plaintiff's claim for damages, which remains pending on this Court's docket.

SIGNED this _____ day of December, 1993.

JAMES R. NOWLIN
United States District
Judge Presiding

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

SOCIETY OF FINANCIAL EXAMINERS	§	CAUSE NO. A-92-CA-679 JRN
V.	§	(Filed December 8, 1993)
NATIONAL ASSOCIATION OF CERTIFIED FRAUD EXAMINERS, INC., ET AL.	§	

INTERIM REPORT AND RECOMMENDATION
OF THE UNITED STATES MAGISTRATE JUDGE

TO: THE HONORABLE JAMES R. NOWLIN
UNITED STATES DISTRICT JUDGE

The Magistrate Court submits this Report and Recommendation to the United States District Court pursuant to 28 U.S.C. §636(b) and Rule 1(d) of Appendix C of the Local Court Rules of the United States District Court for the Western District of Texas, Local Rules for the Assignment of Duties to United States Magistrates, as amended, effective July 1, 1990.

Before this Court is a host of pending motions. The first is the Motion of Defendant National Association of Certified Fraud Examiners, Inc. ("NACFE, Inc.") to Dismiss "John Doe" Defendants filed on May 17, 1993 (Clerk's Docket No. 28). The next pending motion is Plaintiff's Motion for Protective Order filed on May 19, 1993 (Clerk's Docket No. 30). The Court also has before it, Plaintiff's Motion for Leave to File its Second Amended Complaint dated June 1, 1993 (Clerk's Docket No. 34).

The Court has reviewed Plaintiff's July 15, 1993 Motion for Leave to File its Third Amended Complaint (Clerk's Docket No. 43). Plaintiff filed its Motion for Summary Judgment on August 26, 1993 (Clerk's Docket No. 48). The Court has also reviewed the Defendants' Motion for Summary Judgment filed on September 3, 1993 (Clerk's Docket No. 49). Each party has filed the appropriate responsive pleadings to these motions. The Court has also received and reviewed briefs filed by *amicus curiae*.

I.

BACKGROUND

Plaintiff Society of Financial Examiners ("SOFE") claims that the Defendants have made the unauthorized use of Plaintiff's service mark "CFE" in connection with trade associations and educational services. SOFE uses the acronym CFE to refer to its members who are "Certified Financial Examiners." Defendants admit that they use the "CFE" mark in connection with trade association and educational services and related goods, but they deny that their use of the mark infringes any prior rights of the Plaintiff. Defendants use the CFE as an acronym for "Certified Fraud Examiner." Plaintiff objects to the Defendants referring to themselves as "CFEs".

II.

PLAINTIFF'S ALLEGATIONS

This is an action for service mark infringement. Plaintiff SOFE contends that Defendants' use of the designation "CFE" in Defendants' business constitutes

infringement of Plaintiff's federally registered service mark under 15 U.S.C. § 1114, false designation of origin under 15 U.S.C. § 1125, common law trademark infringement, false advertising and deceptive trade practices, and trademark dilution under state law. Plaintiff seeks a permanent injunction and some limited damages.

III.

DEFENDANTS' RESPONSE

Defendants argue that the Plaintiff does not have exclusive rights in its federally registered mark "CFE" either because the mark constitutes a "generic abbreviation" and is therefore not protectable as a mark, or, if "CFE" is a protectable mark, Plaintiff does not properly use it as a mark. The Defendants also argue that NACFE and its members do not use "CFE" as a mark and therefore do not infringe on Plaintiff's trademark rights (if such legal rights exist) in "CFE."

IV.

ANALYSIS

The Court has reviewed all of the pleadings filed by all of the parties.

The Court, for the reasons stated below, finds that the Plaintiff's use of "CFE" as an acronym for Certified Financial Examiner is a protectable trademark. The Court has carefully considered the Defendants' argument distinguishing between the protectability of an acronym for the name of an entity such as "SOFE" for the Society of Financial Examiners and the use that Plaintiff makes of

"CFE" as a designation for members of its organization. The Court finds that the Plaintiff's use of "CFE" may be the proper subject for protection under federal trademark law and that SOFE may appropriate this acronym for its exclusive use. The Court further finds that no genuine issues of disputed fact exist that would prevent the Court from deciding the merits of the case based on the summary judgment evidence in the record at this time.

The Plaintiff argues that it has a legally protectable trademark in "CFE"[1] and the parties agree that the threshold issue in this case is whether SOFE's mark is protectable. Plaintiff has submitted summary judgment proof that CFE is a validly registered and subsisting mark under federal law. Plaintiff emphasizes the hornbook law that federal registration of a trademark endows it with a strong presumption of validity. Pursuant to Section 7(b) of the Lanham Act, 15 U.S.C. § 1057(b), Plaintiff's registration constitutes *prima facie* evidence of the validity of the "CFE" mark and of the registration of the "CFE" mark, of Plaintiff's ownership of the "CFE" mark, and of Plaintiff's exclusive right to use the "CFE" mark. 15 U.S.C. § 1057(b).[2] Defendants contend that "CFE" is

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[1] SOFE has a federal trademark registration for the "CFE" mark (Reg. No. 1,714,214) on the Principal Register of the U.S. Patent and Trademark Office.

[2] Plaintiff argues, in the alternative, that even without the prior federal trademark registration, its use of the "CFE" mark since 1974 in connection with its goods and services is presumptive evidence of its exclusive right to use the "CFE" mark in connection with educational and associational services. *Halliburton Co. v. Halliburton Pipe & Steel Co.*, 207 U.S.P.Q. 318, 320 (S.D. Tex. 1980).

generic or descriptive in nature, since the term is comprised only of the initials of the designation: Certified Financial Examiner. Defendant NACFE has taken the position in the past that CFE is a trademark. In fact, Plaintiff argues, the NACFE corporate by-laws state that "Certified Fraud Examiner" and "CFE" are trademarks of NACFE. Plaintiff also notes that NACFE has twice filed applications with the U.S. Patent and Trademark office to register the "CFE" mark as a mark to be exclusively used by the NACFE without success. Plaintiff has attached a federal trademark registration that demonstrates that it owns a federal trademark registration for the CFE mark.

Trademark infringement occurs when, without the consent of the registrant, a person or entity uses, in commerce, "any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with the sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive." 15 U.S.C. § 1114(1)(a). The test for determining whether the Defendant has infringed on the Plaintiff's mark is measured by the likelihood of consumer confusion. *See Sun-Fun Products, Inc. v. Suntan Research & Development, Inc.*, 656 F.2d 186, 189 (5th Cir. 1981). Although the legal standard is not one of actual confusion, *Id.* at 191, the Plaintiff has presented uncontroverted summary judgment evidence that actual confusion has occurred. The likelihood of confusion is not limited to confusion as to the actual source of a product or service. The use of a name or mark that suggests an affiliation or connection with a trademark

owner, or that causes a likelihood of confusion as to sponsorship or endorsement, also constitutes infringement. *Oleg Cassini, Inc. v. Cassini Tailors, Inc.*, 764 F. Supp. 1104, 1108 (W.D. Tex. 1990) *citing Professional Golfers Ass'n. of America v. Bankers Life & Casualty Co.*, 514 F.2d 665, 669-70 (5th Cir. 1975).

The focus of any court's determination of the protectability of a trademark focuses less on the right to protection of the owner's mark than on the possibility of confusion by consumers. The proper test is what consumers understand the word, or in this case, "CFE" to mean. *WSM, Inc. v. Hilton*, 724 F.2d 1320, 1325-26 (8th Cir. 1984). In *Soweco, Inc. v. Shell Oil Co.*, 617 F.2d 1178, 1185 (5th Cir. 1980), *cert. denied*, 450 U.S. 981 (1980), the Fifth Circuit has set out the following criteria to be considered in determining whether a likelihood of confusion exists, which includes:

1. The strength of the Plaintiff's mark;
2. The degree of similarity between the parties' marks;
3. The similarity of the parties' goods and services;
4. The nature of the customers and retail outlets of the parties;
5. The similarities in the advertising by the parties;
6. The defendant's knowledge and intent in adopting the mark; and
7. Actual confusion as a result of the Defendant's mark.

Analyzing the question before the Court under the *Soweco* criteria, it is clear that a likelihood of confusion exists between the simultaneous use by two different entities of an identical mark, competing in the same relevant market. Plaintiff has a federal trademark registration for the "CFE" mark. Plaintiff's use of the "CFE" mark pre-dates the Defendants' use of the exactly identical "CFE" mark by fourteen years. The Plaintiff has established through its summary judgment evidence that the parties offer relatively the same services to relatively the same consumer market. The Plaintiff established that there are people who are members of both SOFE's and NACFE's organizations. The Plaintiff has also established that both parties use similar advertising media, and, more importantly, this advertising is aimed at the same audience. The potential for confusion to consumers between the simultaneous use of the identical acronym of "CFE" by both entities is high.[3] The Court makes no determination at this summary judgment level of knowledge or intent to infringe by the Defendants, but finds that the existence of such knowledge or intent is of little significance to this case. The critical issue for the Court to resolve is whether Plaintiff's use of "CFE" is subject to protection as a trademark. The Court finds that it is.

The Defendants argue that the Court should disregard cases such as *American Auto. Ass'n (Inc.) v. AAA Ins.*

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[3] The proper test for determining whether two marks are confusingly similar is whether the average consumer is likely to confuse or associate the defendant or his services with the plaintiff in the isolated context of the marketplace. *Oleg Cassini, Inc. v. Cassini Tailors, Inc.*, 764 F. Supp. 1104, 1109 (W.D. Tex. 1990). In this case, the marks are identical.

Agency, Inc., 618 F. Supp. 787 (W.D. Tex. 1985) and *Oleg Cassini, Inc. v. Cassini Tailors, Inc.*, 764 F. Supp. 1104 (W.D. Tex. 1990), as involving the limited issue of confusion between similarly named companies, as opposed to the use of an acronym such as "CFE" for an organization's members. The Court disagrees.

A term for which trademark protection is sought falls into one of four categories; (1) generic; (2) descriptive;[4] (3) suggestive; or (4) arbitrary or fanciful. *WSM, Inc. v. Hilton*, 724 F.2d at 1325-26. The term "CFE" is not a generic or descriptive phrase merely because the individual letters are the initials of the phrase: "Certified Financial Examiner". The critical question that the Court must resolve is to determine the *consumer's* perception or understanding of the genus of the term. The Court finds that the Plaintiff's use of "CFE" is suggestive. The Court finds, based on the summary judgment evidence, that the lengthy and continuous use of "CFE" as an acronym for "Certified Financial Examiner" by Plaintiff for almost two decades has made it distinctive, and therefore protectable, in the relevant marketplace. The Court finds that the Plaintiff has presented sufficient and uncontroverted summary judgment evidence, including evidence of actual confusion, to establish that consumers in the relevant market perceive "CFE" to mean a Certified Financial Examiner, rather than a generic or descriptive phrase. In

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[4] A mark is "descriptive" if it is descriptive of the intended purpose, function, or use of the goods; of the size of the goods; of the class of users of the goods; of a desirable characteristic of goods; or of the end effect on the user.

other words, the Court finds that the Plaintiff has submitted persuasive summary judgment evidence that "CFE" has obtained a secondary meaning in the relevant market.

This Court has granted summary judgment in similar (but not identical) cases in the past, and is well aware of the Fifth Circuit standard enunciated in *Beef-Eater Restaurants, Inc. v. James Burrough, Ltd.*, 398 F.2d 637 (5th Cir. 1968). Federal Rule of Civil Procedure 56(c) allows the court to resolve a case by summary judgment if there is no genuine issue of material fact and the moving party is entitled to judgment as a matter of law. *Oleg Cassini*, 764 F. Supp. at 1112. The "CFE" mark used by the Defendants is identical to that used by the Plaintiff. Plaintiff has also persuaded the Court through its summary judgment evidence of the similarity of the parties' services and potential customers, and of the direct competition for customers between the parties.[5] The Defendant has not articulated any legitimate reason why it chooses to utilize the "CFE" acronym despite the clear potential for consumer confusion. The Court has reviewed the brochures attached as summary judgment evidence. The Plaintiff has also presented persuasive summary judgment evidence that establishes that both parties utilize virtually identical methods of advertising their services. The Court is persuaded that the Plaintiff has sufficiently established, through its summary judgment evidence, the strength and protectability of the Plaintiff's use of the "CFE" mark.

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[5] Direct competition is not necessary for a finding of infringement. *See, Oleg Cassini*, 764 F. Supp. at 1111.

The Defendants have raised the affirmative defense of laches concerning the delay in the Plaintiff's filing this cause of action. The Court finds that this can be disposed of at the summary judgment stage as well. The Fifth Circuit has given little merit to the defense of acquiescence when the likelihood of confusion is not reasonable in doubt. *American Auto. Ass'n (Inc.)*, 618 F. Supp. at 795-96. The Plaintiff has provided summary judgment evidence of actual confusion. The Court finds that the Defendants have failed to produce sufficient summary judgment evidence to establish their affirmative defense of laches. The Defendants primary argument is that there is no protectable interest in the "CFE" mark. It follows that the Defendants did not rely on any acquiescence on the part of the Plaintiff in its decision to use the "CFE" mark. Finally, this Court has previously held (and been affirmed by the Fifth Circuit) in *American Auto. Ass'n (Inc.)*, that on balance, in the spirit of protecting consumers, a one year delay in bringing suit does not constitute laches.

V.

RECOMMENDATION

In light of the foregoing, the Magistrate Court RECOMMENDS that the United States District Court GRANT the Plaintiff's Motion for Summary Judgment (Clerk's Doc. No. 48) and DENY the Defendants' Motion for Summary Judgment (Clerk's Doc. No. 49). The Court RECOMMENDS that the District Court GRANT the Plaintiff the injunctive relief that it has requested. The Court RECOMMENDS that the District Court GRANT Plaintiff's Motion

for Leave to File its Second Amended Complaint (Clerk's Doc. No. 34). The Court RECOMMENDS that the District Court GRANT Plaintiff's Motion for Leave to File its Third Amended Complaint (Clerk's Doc. No. 43). The Court RECOMMENDS that the District Court DENY the Defendants' Motion to Dismiss "John Doe" Defendants as MOOT (Clerk's Doc. No. 28). The Court RECOMMENDS that the District Court DENY the Plaintiff's Motion for Protective Order (Clerk's Doc. No. 30). The Court makes no recommendation to the District Court at this time concerning Plaintiff's claim for damages.

The parties may file written objections to this recommendation. If the parties fail to file written objections to the findings and recommendations contained in this report within ten (10) days from the date of receipt thereof, they will be prohibited from receiving a *de novo* review by the District Court of the findings and recommendations in this report, *see* 28 U.S.C. §636(b)(1)(C), and will be prohibited from attacking the findings and recommendations contained in this report on appeal, *see Nettles v. Wainwright*, 677 F.2d 404, 408-10 (5th Cir. 1982) (Unit B *en banc*). *See also* Thomas v. Arn, 474 U.S. 140, 106 S.Ct. 466 (1985) (rehearing denied) (bar of attack on appeal held constitutional and not in violation of Federal Magistrates Act).

SIGNED this the 8th day of December, 1993, at Austin, Texas.

/s/ Alan D. Albright
ALAN D ALBRIGHT
UNITED STATES
MAGISTRATE JUDGE

§ 1114. Remedies; infringement; innocent infringement by printers and publishers

(1) Any person who shall, without the consent of the registrant –

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

* * *

§ 1125. False designations of origin and false descriptions forbidden

(a)(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which –

> **(A)** is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or
>
> * * *

RULE 56. SUMMARY JUDGMENT

* * *

(c) Motion and Proceedings Thereon. The motion shall be served at least 10 days before the time fixed for the hearing. The adverse party prior to the day of hearing may serve opposing affidavits. The judgment sought shall be rendered forthwith if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law. A summary judgment, interlocutory in character, may be rendered on the issue of liability alone although there is a genuine issue as the amount of damages.

* * *

Supreme Court, U.S.
FILED
MAY 3 1995
OFFICE OF THE CLERK

No. 94-1627

In The

Supreme Court of the United States

October Term, 1994

SOCIETY OF FINANCIAL EXAMINERS,

Petitioner,

v.

NATIONAL ASSOCIATION OF CERTIFIED FRAUD EXAMINERS, et al.,

Respondents.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Fifth Circuit

BRIEF IN OPPOSITION

JOHN J. MCKETTA, III
Counsel of Record

G. MICHAEL LAWRENCE
DAVID G. HENRY
BOYCE C. CABANISS

GRAVES DOUGHERTY HEARON & MOODY
A Professional Corporation
515 Congress, Suite 2300
P. O. Box 98
Austin, Texas 78767
512/480-5600
FAX: 512/478-1976

Counsel for Respondents

May 3, 1995

COCKLE LAW BRIEF PRINTING CO., (800) 225-6964
OR CALL COLLECT (402) 342-2831

QUESTION PRESENTED

Did the Court of Appeals properly apply established Rule 56 standards when it reversed an interlocutory partial summary judgment after its review of the 900-page summary judgment record and its determination, contrary to Petitioner's broad-brush characterizations of an absence of disputed facts, that numerous and extensive disputes of material fact precluded summary judgment?

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No. 94-1627

In The

Supreme Court of the United States

October Term, 1994

SOCIETY OF FINANCIAL EXAMINERS,

Petitioner,

v.

NATIONAL ASSOCIATION OF CERTIFIED FRAUD EXAMINERS, et al.,

Respondents.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Fifth Circuit

BRIEF IN OPPOSITION

National Association of Certified Fraud Examiners ("NACFE"), National Association of Certified Fraud Examiners, Inc. ("NACFE, Inc."), Joseph T. Wells, Anthony Luizzo, Joel Nitzberg, John W. Francolla and Mary Vauruska, all Respondents herein, request this Court to deny the petition for writ of certiorari filed by Society of Financial Examiners ("SOFE") seeking review of the Fifth Circuit's judgment reported at 41 F.3d 223.

STATEMENT OF THE CASE

SOFE claims that this case presents the important issue of whether summary judgment is appropriate to dispose of federal trademark infringement claims. SOFE mistakenly claims that, in contrast to all other United States Courts of Appeal, the Fifth Circuit observes a rule that summary judgment is *never* appropriate to resolve trademark infringement disputes. SOFE further mistakenly claims that the Fifth Circuit applied its absolute "no-summary judgment" rule in this case to reverse the district court's grant of summary judgment on SOFE's trademark infringement claim.

Instead, this is a routine fact-intensive summary judgment case in which the court of appeals' de novo analysis of the summary judgment evidence simply differed from the district court's analysis. The district court granted partial summary judgment, concluding that SOFE had established that no genuine issue of material fact existed as to various trademark infringement issues. The Fifth Circuit concluded otherwise – not by applying any absolute rule against summary judgment in trademark infringement cases – but after conducting a standard Rule 56 analysis of the summary judgment evidence presented by the parties.

A basic flaw throughout SOFE's petition is its misunderstanding of appellate review under Rule 56. SOFE apparently believes that an appellate court should make every presumption in favor of affirmance. SOFE believes that "the Fifth Circuit . . . *erred* by considering only the factors and evidence that it perceived as weighing *against* a finding of likelihood of confusion. . . . " (Pet. at 17,

emphasis added.) To the contrary, the Fifth Circuit's analysis was exactly as required under Rule 56. Its *duty* is to "[c]onsider[ ] all evidence in the light most favorable to the non-moving party and resolv[e] all reasonable inferences in favor of the non-moving party." (App. 7a; *accord, Eastman Kodak Co. v. Image Technical Services, Inc.*, 504 U.S. 451, ___, 112 S.Ct. 2072, 2076-77 (1992); *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 255 (1986).)

This interlocutory summary judgment case presents no significant issue of law requiring this Court's attention or guidance.

FACTUAL BACKGROUND

Because SOFE's presentation of the facts of this case omit several points that are potentially relevant to the Fifth Circuit's holding, a more complete outline of the facts may be helpful to the Court.

NACFE is an association of approximately 10,000 members, all of whom are involved professionally in the detection and prevention of white collar fraud. (R. 456) NACFE, Inc. provides management, organizational and educational support for NACFE. (*Id.*) NACFE was formed for the purpose of promoting the detection and deterrence of fraud, to establish a formal qualification program for certified fraud examiners ("CFEs"), to introduce and administer a Uniform CFE Examination, and to maintain competency through continuing education. (R. 492) NACFE enforces a code of professional ethics for CFEs which requires professional integrity, commitment and

diligence, exacting procedural standards for fraud examinations and court appearances and an overall emphasis on competence and effectiveness. (R. 496) NACFE members come from both the private and public sectors and include insurance company investigators, accountants, attorneys, police officers, prosecutors, private investigators, professors and auditors and investigators employed by both federal and state agencies and by numerous private sector employees including oil companies, banks, hospitals, utilities, retail chains and brokerage firms. In short, NACFE membership is drawn from virtually every profession that routinely deals with white collar fraud. (R. 462-90)

As the name suggests, the Society of Financial Examiners has a different focus and purpose from that of NACFE. SOFE is a professional organization comprised exclusively of employees of state agencies who perform regulatory financial examinations of banks, savings and loans, credit unions and insurance companies. (R. 509, 540) While both SOFE and NACFE provide educational services, the services provided by SOFE focus narrowly on regulatory examinations of regulated financial institutions and do not appear to devote any substantive attention to fraud (R. 518, R. 556, R. 564, R. 573-75, R. 618); NACFE's educational programs do *not* focus on financial examination but deal pervasively with fraud. (R. 465-67, R. 1165-95)[1] SOFE has a membership of approximately

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[1] Thus, SOFE's contention that the educational services are "virtually identical" (Pet. at 4) is not a fair depiction of the summary judgment evidence.

2,000. Since the 1970s, SOFE has used the letters "CFE" as an acronym for "certified financial examiner." (R. 532)

From its inception in 1988, NACFE and its members used the title "certified fraud examiner" and the corresponding acronym "CFE" to designate persons who satisfied certain professional prerequisites relating to the detection and deterrence of fraud. (R. 457) In the spring of 1989 NACFE applied to register "CFE" with the Trademark Office. (R. 1205-1212) The Trademark Office denied the application on the grounds that the use of "CFE" as a title or degree was not eligible for trademark or service mark protection. (R. 497) Both the Trademark Office and NACFE's own trademark searches indicated that there were no registrations that would conflict with any use of "CFE." (R. 458)

Although NACFE was unaware of SOFE's existence or of its use of the acronym "CFE" to denote a certified financial examiner, SOFE had discovered NACFE's use of the same acronym to denote a certified fraud examiner by December 1988. (R. 607) SOFE filed for trademark registration of "CFE" in October 1989. (R. 599) The Trademark Office, however, informed SOFE that its application was unacceptable because it showed the use of CFE as "a certification mark and not as a service mark." (R. 609) On March 27, 1990, SOFE submitted a photocopy of the spine of a notebook to the Trademark Office in an effort to show that it used "CFE" as more than a mere designation of title. (R. 616)[2] On September 8, 1992, the Trademark

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[2] SOFE's "CFE," as submitted to show its use in connection with educational services, is reproduced in the appendix to this brief at page 1b.

Office granted SOFE a trademark registration for "CFE" in two extremely narrow and limited categories:

> i. [International Class 41] "*Educational services;* namely, providing *self-study* courses designed for persons *employed or engaged by or on behalf of government regulatory authorities* to conduct or assist in the *financial examination* of banks, savings and loans, credit unions, insurance companies and other financial institutions. . . . " (Emphasis added.)
>
> ii. [International Class 42] "*Association services;* namely, promoting the interests of *financial examiners* presently or formerly *employed or engaged by or on behalf of government regulatory authorities* to conduct or assist in the *financial examination* of banks, savings and loans, credit unions, insurance companies and other financial institutions. . . . " (Emphasis added.)

(R. 620) The underscored language emphasizes the narrowness of the trademark to uses that are different from services provided by NACFE. On September 9, 1992, SOFE filed this trademark infringement action against NACFE seeking, among other things, to enjoin NACFE and its members from any use of the letters "CFE." (R. 43) In this action, SOFE has never shown *any* evidence of confusion between its educational services and NACFE's, or between its associational services and NACFE's.

REASONS FOR DENYING THE WRIT

I.

The Fifth Circuit Conducted a Standard Rule 56 Analysis in this Case that is Entirely Consistent with this Court's Rulings and with the Decisions of Other Circuit Courts

SOFE attempts to manufacture a split in the circuits by claiming that the Fifth Circuit, unlike its sister circuits, applies a flat rule prohibiting summary judgment in any trademark infringement case and that the court applied that rule in this case to reverse the district court's grant of summary judgment. On its face, the Fifth Circuit's opinion in this case belies SOFE's contention. Rather than applying any absolute rule against summary judgment, the Fifth Circuit carefully articulated the well-known Rule 56 analysis mandated by this Court:

> A dispute about a material fact is "genuine" if the evidence would permit a reasonable jury to return a verdict for the nonmoving party. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248, 106 S.Ct. 2505, 2510, 91 L.Ed.2d 202 (1986). Hence this court tests the propriety of summary judgment by evaluating whether a reasonable fact finder could return a verdict for NACFE on either issue. Simply, would the result of submitting the case to a rational trier of fact be preordained? Considering all evidence in the light most favorable to the non-moving party and resolving all reasonable inferences in favor of the non-moving party, *id.* at 249, 106 S.Ct. at 2510-11, precipitates substantial doubt as to the proper solution to either issue. On this record, a trier-of-fact would be entitled to decide that

> "CFE" was generic or to adjudge the likelihood of confusion farfetched.

(App. 7a) In the next six pages of its opinion, the Fifth Circuit applied the *Anderson v. Liberty Lobby, Inc.* standard to the summary judgment evidence submitted by the parties and determined that a reasonable fact finder could have ruled against SOFE on the issues of whether its claimed trademark "CFE" was generic and whether NACFE's use of the letters "CFE" was likely to create confusion in the minds of potential purchasers of SOFE's products. The analysis conducted by the Fifth Circuit and its conclusion that summary judgment was improperly granted in light of the summary judgment evidence submitted is completely consistent with the requirements of this Court concerning Rule 56 analysis and with the decisions of other circuit courts involving similar trademark infringement claims. *See, e.g., Nike, Inc. v. "Just Did It" Enterprises*, 6 F.3d 1225 (7th Cir. 1993); *Olde Tyme Foods, Inc. v. Roundy's, Inc.*, 961 F.2d 200 (Fed. Cir. 1992); *Homeowners Group, Inc. v. Home Marketing Specialists, Inc.*, 931 F.2d 1100 (6th Cir. 1991); *Perini Corp. v. Perini Construction, Inc.*, 915 F.2d 121 (4th Cir. 1990).

Confronted with the Fifth Circuit's express application of the proper and standard Rule 56 analysis mandated by this Court, SOFE is forced to argue that the Fifth Circuit's analysis, which takes up the bulk of the court's opinion, is nothing but a dishonest ruse to conceal the Fifth Circuit's application of a flat rule against summary judgment in all trademark infringement cases. *See, e.g.*, SOFE's Petition at p. 18 ("[I]n a tortuous effort to give the appearance of a full review of the district court's summary judgment analysis, the court of appeals took a token

look at only those three of the seven foundation factors that it felt supported its pre-ordained results. . . . "), and at p. 29 ("The decision below manifests an improper and unwarranted antipathy to summary judgment, thinly cloaked by expressions of concern for factual determinations without a plenary trial."). If this Court is to accept SOFE's argument that the Fifth Circuit's decision conflicts with decisions from other circuits, this Court must ignore the analysis expressly and reasonably discussed in the Fifth Circuit's opinion. Thus, SOFE argues a *hypothetical* conflict among the courts of appeals: *all* would properly reverse the district court in light of the disputed facts presented here; but SOFE speculates that the Fifth Circuit would have reversed a summary judgment in a trademark case even if the material facts were *un*disputed.

It is not surprising that the Fifth Circuit did not apply an absolute rule against summary judgment in trademark infringement cases in this case, because no such rule exists. The case of *Marathon Manufacturing Co. v. Enerlite Products Corp.*, 767 F.2d 214 (5th Cir. 1985), which SOFE contends established such a rule, does no such thing.[3] In *Marathon*, both parties filed motions for

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[3] Although it now claims that *Marathon* established an absolute rule prohibiting summary judgment in trademark cases in the Fifth Circuit, in its opening brief to the Fifth Circuit SOFE instead asserted that:

> Summary judgment is appropriate in trademark infringement cases and courts in this Circuit have granted summary judgment in such cases on many occasions, with this Court affirming when requested.

In support of this proposition, SOFE cited *Beef/Eater Restaurants, Inc. v. James Burrough, Ltd.*, 398 F.2d 637, 638 (5th Cir. 1968), and four district court cases from the Fifth Circuit in which

summary judgment but vehemently disputed the conclusions to be drawn from a fully developed record that was submitted by agreement and without dispute. The court, far from establishing a flat rule that summary judgment was never proper in a trademark infringement case, merely pointed out that in cases like that one in which the summary judgment evidence raised competing inferences and a genuine issue of material fact, summary judgment is improper under Rule 56. *Id.* at 217. Moreover, even this uncontroversial statement was nothing more than dicta. The court determined that the parties had not intended to seek summary judgment, but had actually submitted the case for non-jury trial on a written record. The court then *affirmed* the judgment of the district court after determining that its fact finding regarding the likelihood of confusion was not clearly erroneous under Fed. R. Civ. P. 52(a). *Marathon* was not a Rule 56 summary judgment case at all, but an affirmance of the district court's findings under Rule 52.

The Fifth Circuit cited *Marathon* in its opinion in this case not because of any flat rule against summary judgments in trademark cases, but because *Marathon* involved similar facts and in order to counter SOFE's inaccurate argument that summary judgment was appropriate because both SOFE and NACFE had filed motions for summary judgment in which they claimed there was no genuine issue of material fact.[4] Immediately after the

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summary judgment was granted in trademark infringement cases. (Appellee's court of appeals brief, at p. 14.)

[4] NACFE's unsuccessful motion for summary judgment did not address likelihood of confusion but instead said there were no genuine issues of fact as to other dispositive issues. (R.

language from the Fifth Circuit's opinion quoted by SOFE on page 7 of its Petition, the following clarifying language appears:

> Notably [in *Marathon*] both parties had filed motions for summary judgment asserting that no material facts were in dispute.
>
> Notwithstanding this suggestion, identifying a genuine issue of material fact was not difficult in *Marathon* nor is it here. "[T]he fact that both parties simultaneously are arguing that there is no genuine issue of fact does not establish that a trial is unnecessary thereby empowering the court to enter judgment as it sees fit." Indeed, both factual questions – whether CFE is generic and the existence of likelihood of confusion – pose a genuine issue of fact in this case.

(App. 5a) (citations omitted).[5] It is abundantly clear that neither the decision in this case nor the decision in *Marathon* turned on the application of any absolute rule precluding summary judgments in trademark infringement cases.

443-54) NACFE adamantly asserted, however, that genuine issues of fact made summary judgment improper as to SOFE's motion for summary judgment. In accordance with Rule 56 procedures, NACFE introduced substantial evidence contesting SOFE's allegations regarding, among other things, likelihood of confusion. (*E.g.*, R. 634-57, 1614-1703, 1707-13, 1731-76.) SOFE nevertheless overzealously claimed that NACFE had not elected to dispute any facts in the district court. (SOFE's court of appeals brief, at pages 10-11, 12, 15-16.) The court of appeals disagreed with SOFE's inaccurate assertion. (App. 6a n.3)

[5] The court distinguished *Marathon* by concluding that unlike the parties in that case, NACFE did not consent to submission of this case on a written record. (App. 6a n.3)

SOFE's characterization of the Fifth Circuit's decision in this case as being based on a universal prohibition against summary judgments in trademark cases is negated by the Fifth Circuit's articulation and express application of the well-established Rule 56 analysis required by this Court. This fact alone defeats the premise for SOFE's petition. Contrary to SOFE's assertion that the Fifth Circuit has adopted an absolute rule against any summary judgments in trademark infringement cases, the Fifth Circuit has not done so in this case nor in any case cited by SOFE or in any other reported case of which Respondents are aware.[6] SOFE is simply wrong in its contention of a conflict among the circuits concerning the proper application of Rule 56 in a case of a disputed record, as here. The petition for writ of certiorari should be denied.

II.

The Fifth Circuit's Rule 56 Analysis was Not Faulty

The real basis for SOFE's petition is not a conflict in the circuits, but its contention that the Fifth Circuit erred

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[6] Indeed, contrary to SOFE's aggressive assertion (Pet. at pages 14-16), the most casual research shows several occasions on which the Fifth Circuit has affirmed summary judgments in trademark infringement cases. *See Matrix Essentials, Inc. v. Emporium Drug Mart, Inc.*, 988 F.2d 587 (5th Cir. 1993); *Beef/Eater Restaurants*, 398 F.2d 637. As pointed out above in note 3, SOFE relied on the latter case in arguing that summary judgment on trademark infringement claims *is* appropriate and available in the Fifth Circuit. The Fifth Circuit has never overruled or criticized these cases nor held that they are superseded by any absolute rule against summary judgments.

in examining only three of seven factors commonly considered by courts in determining likelihood of confusion. SOFE also contends that the Fifth Circuit's analysis of these three factors in light of the summary judgment record was incorrect and inconsistent with other decisions. None of SOFE's perceived errors has substance.

A. The Existence of a Genuine Issue of Material Fact with Respect to Three Indicators of Likelihood of Confusion is Sufficient to Preclude Summary Judgment.

The Fifth Circuit found that genuine issues of material fact exist in connection with three of seven factors commonly considered by courts in determining likelihood of confusion – actual confusion, similarity of mark and identity of purchasers. Partially on this basis, the court reversed the district court's grant of summary judgment. On pages 17 and 18 of its Petition, SOFE claims that the Fifth Circuit erred in considering only three of seven factors. SOFE cites several circuit court cases in support of the proposition that "each of the factors and all of the relevant evidence must be weighed and considered in determining the likelihood of confusion." (Pet. at 17).[7] However, none of the cited cases involved the review of a summary judgment in favor of the plaintiff. In the context

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[7] Under the standard articulated by SOFE it should be noted that the district court committed reversible error in this case by considering only six out of the possible seven factors. The district court expressly failed to make any determination regarding NACFE's knowledge and intent in adopting its use of the acronym CFE. (App. 23a-24a)

of reviewing a summary judgment in favor of the plaintiff, it is well established that summary judgment is improper if a genuine issue of material fact is discovered in connection with *any* of these factors that is sufficient to allow a reasonable fact-finder to find in favor of the defendant on the issue of likelihood of confusion. *See, e.g., Olde Tyme Foods, Inc. v. Roundy's, Inc.*, 961 F.2d 200, 203, 205 (Fed. Cir. 1992) (court reverses summary judgment in favor of plaintiff after finding genuine issue of material fact in connection with three factors, including two factors considered by the Fifth Circuit in this case – similarity of mark and evidence of actual confusion); *Perini Corp. v. Perini Construction, Inc.*, 915 F.2d 121, 127-28 (4th Cir. 1990) (court reverses summary judgment in favor of plaintiff based on finding genuine issue of material fact in connection with only one factor).[8] The Fifth Circuit's reversal of summary judgment based on its conclusion that genuine issues of material fact existed with regard to three of seven factors is completely consistent with the holdings of its sister circuits.

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[8] In *Perini Corp.*, the court of appeals reversed a summary judgment because the district court "made no inquiry into the sophistication of the ordinary consumer of [the] services." 915 F.2d at 127. Similarly, NACFE raised that issue in its opposition to summary judgment (R. 653), but the district court gave no attention to the issue. (See App. 23a-24a.)

B. The Fifth Circuit's Analysis of Actual Confusion, Similarity of Marks and Identity of Purchasers is Consistent with that of Other Circuits.

SOFE also contends that the Fifth Circuit erred as a matter of law in concluding that a genuine issue of material fact existed with respect to evidence of actual confusion, similarity of marks and identity of purchasers. SOFE claims that the Fifth Circuit's analysis of these issues is out of step with that of other circuit courts. SOFE's contentions are demonstrably false.

1. Evidence of actual confusion

SOFE submitted summary judgment evidence indicating that on twelve occasions confusion was created by a person's use of the initials "CFE" to denote either "certified financial examiner" or "certified fraud examiner." The occasions principally reflected momentary uncertainty that was cleared up following simple inquiry, typically in an employment context. Importantly, there is *no evidence* of actual confusion about associational services and *no evidence* of actual confusion about educational services. No one paid tuition or dues to the wrong entity; no one thought NACFE was an affiliate of SOFE.

The Fifth Circuit held that SOFE's evidence was not sufficient to prevent a reasonable fact-finder from determining that no likelihood of confusion existed. (App. 11a-12a) In its petition, SOFE relies exclusively on the number of episodes of confusion and argues that because other circuit courts have accepted fewer instances of actual confusion as probative evidence of likelihood of

confusion, the Fifth Circuit erred as a matter of law by failing to do so in this case. The circuit court cases cited by SOFE were not summary judgment cases, however. While evidence of twelve instances of confusion might be sufficient in proper circumstances to support a fact-finding following a trial concerning the likelihood of confusion, SOFE's evidence is not sufficient as a matter of law to support summary judgment. Moreover, the Fifth Circuit focused not just on the number of episodes of confusion but also on their quality – both in terms of who was confused and the severity and duration of the confusion:

> SOFE's affidavits support "at least twelve known instances of actual confusion." Whereas all of these are probative in a fact-finder's assessment of the likelihood of confusion, none represents confusion by a consumer of SOFE's wares. Seven of the "instances" occurred in an employment interview (or closely analogous) context. The other five episodes of confusion reflected mistaken presumptions that arose briefly from the display of "CFE" on a business card or letterhead.

(App. 11a, n.12) The Fifth Circuit's partial discounting of evidence of actual confusion based on the source and duration of the confusion is quite consistent with the standard practice of other courts of appeal. In *Homeowners Group, Inc. v. Home Marketing Specialists, Inc.*, a summary judgment case involving infringement of a trademark consisting of the letters "HMS," the court held as follows:

> Perhaps as important as the number of instances of confusion are the kinds of persons confused and degree of confusion. "Short-lived confusion

> of individuals casually acquainted with a business is worthy of little weight," while chronic mistakes and serious confusion of actual customers are worthy of greater weight.

931 F.2d 1100, 1110 (6th Cir. 1991) (reversing summary judgment; citations omitted).

There is no error in the Fifth Circuit's analysis of SOFE's asserted evidence of actual confusion. Rather, the Fifth Circuit appropriately determined that there was *no evidence* of any confusion concerning the two narrow categories of services for which SOFE had registered a mark (App. 11a-12a); and the Fifth Circuit noted that the summary judgment evidence and appropriate inferences favoring the non-movant "refute[ ] the likelihood of confusion." (App. 12a.)

2. Similarity of marks

The summary judgment evidence in this case established that SOFE commonly displays the letters "CFE" in conjunction with a check mark, when designating its educational services. (R. 516, 521, 528; *see* App. 1b.) In contrast, NACFE commonly uses "CFE" either at the bottom of a circular seal or in Old English script. (R. 1214, 1244; *see* App. 2b.) The district court ignored the different manners in which CFE is used by the two organizations and erroneously concluded that SOFE's and NACFE's use of "CFE" was identical. (App. 24a.) The Fifth Circuit disagreed:

> [T]he district court ignored the distinctive presentations of [the parties'] respective marks in the record concluding "[t]he 'CFE' mark used by

> the defendants is identical to that used by the plaintiffs." The visual contrast easily suffices to empower a trier-of-fact to decide otherwise.

(App. 13a)

On page 21 of its petition, SOFE cites three cases as support for the proposition that "absolute identity" of marks is not required to establish infringement. None of the cases cited was a summary judgment case. In a summary judgment context, courts of appeal routinely apply the same analysis applied by the Fifth Circuit in evaluating similarity of marks. For example, in *Homeowners Group, Inc. v. Home Marketing Specialists, Inc.*, 931 F.2d 1100, 1109 (6th Cir. 1991), the Sixth Circuit disagreed with the district court's finding that the parties' use of the marks was similar because each contained the letters "HMS." The court noted that the marks must be viewed in their entirety and because the letters were displayed in different contexts and in different scripts, a conclusion of similarity was not inevitable. In *Olde Tyme Foods, Inc. v. Roundy's, Inc.*, 961 F.2d 200, 203 (Fed. Cir. 1992), the court, in reversing a summary judgment in favor of the plaintiff, held that when viewed in their entirety, the parties' use of "Old Time" and "Ye Olde Tyme" could be found to be dissimilar by a reasonable fact-finder. The Fifth Circuit's analysis of the summary judgment evidence in evaluating similarity of marks is entirely consistent with the analysis applied by other courts of appeal. SOFE's contention to the contrary is groundless.

3. Identity of purchasers

The summary judgment evidence submitted to the district court established that NACFE's membership is composed of public and private sector employees involved in the detection and prevention of fraud. (R. 456) SOFE's membership is drawn exclusively from state regulators involved in the examination of financial institutions and insurance firms. (R. 509, 540) Only six of SOFE's 2,000 members appear also among the 10,000 members of NACFE. (R. 947, 955, 1048, 1116, 1126, 1263) Based on this record, the district court found that SOFE and NACFE served "relatively the same consumer market." (App. 24a) The Fifth Circuit disagreed:

> Similarly, the district court mistakenly assumed "identity of purchasers" to be unassailable. Although SOFE convincingly documented some tangency with NACFE's marketing, "[t]here are substantial dissimilarities between the predominant purchasers of plaintiff's and defendants' products." *Amstar*, 615 F.2d at 262. In particular, SOFE's marked accent on public regulatory officials commanded a more refined analysis of the congruence between the parties' potential customers. *Id.* (pivotal difference in advertising to 18-to-34 year old single males and middle-aged housewives).

(App. 13a)

SOFE argues that neither complete identity of mark or market is necessary for a finding of likelihood of confusion. As noted above, however, the three cases on which SOFE relies involve fact findings after trial and *not* summary judgments. In reviewing summary judgments

in favor of plaintiffs in trademark infringement cases, courts of appeal routinely find that differences in targeted markets are sufficient to allow a reasonable factfinder to find for the defendant on the issue of identity of purchasers. *See, e.g., Homeowners Group, Inc. v. Home Marketing Specialists, Inc.*, 931 F.2d at 1111 (targeted market consisting of real estate agents and targeted market consisting of real estate owners was not sufficiently similar to establish identity of purchasers as a matter of law); *Nike, Inc. v. "Just Did It" Enterprises*, 6 F.3d at 1230 (summary judgment evidence that defendant targeted market consisting of persons named "Mike" sufficient to allow jury to conclude non-identity with market consisting of general public). Again, SOFE's contention that the Fifth Circuit's analysis of the summary judgment evidence in this case constituted error as a matter of law is specious.

4. Fact issues also are present as to indicators not expressly addressed by the Fifth Circuit

The fact that the Fifth Circuit's opinion only addressed three indicators does not mean that no issues of fact exist as to others. NACFE pointed to record evidence negating SOFE's contentions as to other factors: similarity of products (*compare* R. 518, 556, 564, 573-75, 618 *with* R. 465-68, 1165-95); similarities in advertising (*compare* R. 897, 516-19, 556 *with* R. 1214, 1148-203); intent (R. 457-60); sophistication (R. 463-90, 509-10); and strength of mark (R. 1694-700, 1703).

III.

NACFE Submitted Extensive Summary Judgment Evidence Establishing SOFE's Generic Use of the Letters "CFE"

SOFE's second question on appeal – whether "CFE" is generic – asks this Court to determine a non-dispositive issue that is not properly presented on the present summary judgment record.[9] In any event, the Fifth Circuit properly found that fact issues exist as to whether the term "CFE," and the underlying phrase "certified financial examiner," are generally perceived by consumers and by SOFE itself as a designation of source (and therefore possibly protectible) or as a designation of title (and therefore not protectible as a matter of law). (App. 7a-9a.)

SOFE claims that undisputed summary judgment evidence established that it used the letters "CFE" as an indication of source rather than generically as a designation of type or species. On page 27 of its petition, SOFE makes the following assertion: "In telling contrast to NACFE's silence on the issue of genericness [sic], SOFE submitted affidavits and deposition transcripts from

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[9] The question cannot be dispositive in favor of SOFE. If SOFE were to receive a favorable decision from this Court – that is, a determination that the acronym for "certified financial examiner" is not generic – the very same reversal for trial would be required. To obtain judgment in its favor, SOFE must prove likelihood of confusion. One indicator is strength of mark. If the acronym is not generic (and therefore is potentially protectible), SOFE must prove distinctiveness or secondary meaning. *See Two Pesos, Inc. v. Taco Cabana, Inc.*, ___ U.S. ___, 112 S.Ct. 2753, 2757-58 (1992).

numerous members of the relevant markets who stated that they understood the 'CFE' mark to be an indication of association with, or sponsorship by, SOFE."[10] SOFE's characterization of silence by NACFE is oblivious to the record. NACFE submitted extensive evidence that SOFE used "CFE" not as a trademark to designate source in selling goods or services, but only as a convenient acronym for the title "certified financial examiner." This evidence included a copy of SOFE's requirements for becoming a certified financial examiner (R. 517-518), a copy of SOFE's newsletter in which "CFE" was repeatedly used to indicate title (R. 521-522), an affidavit by an expert (R. 1678-80), and excerpts from the depositions of numerous SOFE employees and members establishing SOFE's generic use of "CFE." (R. 525-26, R. 531-32, R. 534, R. 539-40, R. 543, R. 548, R. 551, and R. 554) NACFE also submitted the deposition testimony of Paul Dow, SOFE's president, which included the following exchange:

> Q. Within the context of the society, do you know of any meaning attributed to "CFE" other than Certified Financial Examiner?

---

[10] SOFE also implies that only evidence of the public's perception of "CFE" is probative in determining whether those letters as used by SOFE are descriptive or merely generic. This suggestion is contradicted by one of the central cases on which SOFE relies, *Loglan Institute, Inc. v. Logical Language Group, Inc.*, 962 F.2d 1038 (Fed. Cir. 1992). In determining that the contested trademark in that case was generic rather than descriptive, the Federal Circuit, which SOFE claims has "special expertise in trademark matters," expressly considered evidence that the holder of the claimed trademark had used the trademark to denote type rather than source. *Id.* at 1041.

. . .

A. To my knowledge, it does not stand for anything else.

(R. 596) Based on the very point raised by this evidence, the Fifth Circuit concluded that SOFE had not established a nongeneric use of "CFE" as a matter of law:

> To secure protection . . . "CFE" must invoke the source of the designation and not just intimate a financial examiner who has been certified. Like J.D., M.B.A., Ph.D. and C.P.A., "certified financial examiner" could be poised to fail this test.

(App. 8a-9a)

SOFE lamely asserts that a "dictionary definition" was "strong evidence that the terms 'CFE' and 'certified financial examiner' are primarily perceived by the public as designations of source." (Pet. at 27 & n.17.) SOFE failed to examine the record evidence it purported to cite. The referenced *Acronyms, Initialisms & Abbreviations Dictionary* lists *eighteen* uses of "CFE" with eighteen different meanings, not merely the designation of title used by SOFE's members. (R. 1702-03.) Elsewhere, the summary judgment evidence includes at least four other uses and meanings of "CFE." (R. 1694-1700.) That evidence dramatically refutes SOFE's claim that "CFE" is popularly perceived to identify SOFE as a source.

Contrary to SOFE's assertions, NACFE submitted more than enough evidence to raise a genuine issue of material fact concerning the generic use of the phrase "certified financial examiner" and the acronym "CFE."

CONCLUSION

The Fifth Circuit examined the extensive summary judgment evidence on a de novo basis and concluded that genuine issues of fact existed concerning SOFE's contentions (i) that its claimed mark is not generic and (ii) that NACFE's use of "CFE" is likely to cause consumer confusion. The opinion was well-reasoned and applied familiar Rule 56 principles in non-controversial ways, resolving disputes and inferences in favor of the non-moving party.

SOFE attempts in its petition to portray an unwritten absolute rule by the Fifth Circuit, contrary to all other circuits. Instead, this case involves an application of Rule 56 in circumstances that present no conflict. All circuits require reversal of a summary judgment where, as here, there are genuine issues of material fact.

Respondents respectfully pray that the Court deny the petition for certiorari.

Respectfully submitted,

JOHN J. MCKETTA, III
Counsel of Record

G. MICHAEL LAWRENCE
DAVID G. HENRY
BOYCE C. CABANISS
GRAVES DOUGHERTY HEARON & MOODY
A Professional Corporation
515 Congress, Suite 2300
P. O. Box 98
Austin, Texas 78767
512/480-5600
FAX: 512/478-1976

Counsel for Respondents

May 3, 1995

APPENDIX

Page

SOFE mark 1b

NACFE mark 2b

SOFE

CFE

SOCIETY of FINANCIAL EXAMINERS

STUDY GUIDE for EXAMINATIONS to certify CERTIFIED FINANCIAL EXAMINERS

Recognized by the
NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

CFE News

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CFE Candidates Inaugurate Computerized Uniform CFE Examination

For the first time in the history of the Association, a substantial number of CFE candidates have elected to self-administer the Uniform CFE Examination on their personal computers.

Approximately two-thirds of the Examinations scheduled for October 1992 were administered on computer, while the remainder were administered by proctor, utilizing the traditional paper test format.

According to CFE Examination Administrator Jeanette LeVie, the computerized CFE Examination offers candidates the benefits of convenience and quicker grading.

The Board of Regents recently au-thorized the computerized Examination, and plans to expand use of the testing instrument in the future.

The computerized program, which ships as a set of three diskettes, contains Examination questions selected at random from the Association's master database, thereby ensuring that each individual Examination is unique. Additionally, numerous controls have been incorporated to protect the Examination's integrity.

The Board of Regents will evaluate the computerized Uniform CFE Examination during its regular February 1993 meeting. According to Regent Franklyn J. Howatt, it seems likely that the computerized Examination will soon replace the traditional pencil-and-paper version of the test.

The new version of the CFE Examination represents the Association's natural progression toward high-tech learning and testing tools.

However, soon to debut is the computerized *Uniform CFE Exam Preparation* self-study, which is slated for release in December 1992.

see CFE Exam, page 12

Last Chance for Advanced Standing

Program to Close December 31, 1992

Time is rapidly running out for Advanced Standing candidates.

The Advanced Standing Program allows qualified individuals to become CFEs without requiring them to take the rigorous 2-day Uniform CFE Examination. Instead, they are admitted by virtue of their education and experience.

However, applications for certification by waiver of examination must be postmarked no later than December 31, 1992.

To qualify for a waiver of examination, applicants must meet the following minimum criteria: (1) a baccalaureate degree from a recognized institution of higher learning; (2) eight years of professional experience in a field related to fraud detection or deterrence; (3) hands-on experience in uncovering, documenting, or investigating fraud; and (4) recommendations from three professional colleagues. In some cases, additional experience may be used as a substitute for the formal education requirement.

Beginning in 1993, new CFEs will be admitted primarily by examination.

The CFE program, initiated in June 1988, now boasts a roster of 7,000 Members. CFEs represent most corporations and major governmental agencies in the country, and include fraud auditors and investigators, internal and external auditors, law enforcement personnel, and academicians.

CFE applications can be obtained by calling Association headquarters at 1-800-245-3321.

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